

**FBIS****DAILY REPORT  
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Vol I No 196

9 October 1984

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REFORMS, FOREIGN COOPERATION AT CITIC SYMPOSIUM

## Deng Xiaoping's Speech

OWO61646 Beijing XINHUA in English 1625 GMT 6 Oct 84

[Text] Beijing, October 6 (XINHUA) -- China's development, seen from an international political and economic point of view, will benefit world peace and world economic development, said Deng Xiaoping, chairman of the Central Advisory Commission of the Chinese Communist Party, here today. He expressed the hope that foreign industrial and commercial circles would look at cooperation with China in a world context.

Deng Xiaoping said this to Chinese and foreign bankers and industrialists as well as specialists and scholars participating in the current symposium on China's economic cooperation with foreign countries held in the Great Hall of the People. To develop this cooperation, he said, China should create conditions and so should businessmen of developed countries. He said what he meant was that businessmen should not hesitate to take risks and should not worry that China's policy might change. He urged them to take bigger, bolder steps. "China means what it says, and we will stick to contracts," he stated.

Construction in such a big country as China would be impossible without depending on its efforts. Nor, however, could it succeed by following a closed door policy. China needed foreign funds and technology to help its development. Of course, he said, such help would not be one-way. Now that China had joined the international community, it was receiving funds and technology from developed countries, and in return, it would be able to contribute more to the growth of the world economy.

Referring to anxiety that had been raised abroad that China might change policy, Deng Xiaoping stressed that the open policy was China's fundamental policy. "Were any change to occur, it could only be that China would open still wider. Anything else would not be savored by our people," he said.

He reviewed the achievements in carrying out this policy and invigorating the domestic economy since the third plenary session of the 11th party Central Committee held in late 1978. Deng Xiaoping said that efforts to stimulate the economy began in the countryside. A number of new policies had been adopted and rapidly proved successful. Urban reform would be the main topic at the coming third plenary session of the 12th party Central Committee, he said. This reform plus various aspects of economic restructuring would signify China's over-all reform.

Deng Xiaoping extended his greeting to the symposium participants. He described the symposium host, the China International Trust and Investment Corporation, as one of China's windows opening to the rest of the world. Present on the occasion were Wang Zhen, member of the Political Bureau of the Central Committee of the Communist Party of China, and Rong Yiren, chairman of the Board of Directors of the CITIC. The three-day symposium closed here this afternoon.

## More on Deng's Speech

HKO81340 Beijing ZHONGGUO XINWEN SHE in Chinese 0910 GMT 8 Oct 84

[Report: "Deng Xiaoping Makes Important Speech on Reform of China's Economic System, Cooperation With Foreign Countries" -- ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 8 Oct (ZHONGGUO XINWEN SHE) -- The main topic of discussion at the 3d Plenary Session of the 12th CPC Central Committee, which is about to be held, will be the reform of the urban economic system as well as the reform of the entire economic system, said Deng Xiaoping, chairman of the Advisory Commission of the CPC Central Committee.



Industry, commerce, the services, and the domains of science, technology, education, and culture are involved. This implies that China is advancing in the direction of overall reforms.

He said that the reforms in the countryside will bear fruit in 3 years. However, it will take 3 to 5 years to carry out the urban reforms if they are to be effective. By then there will be notable changes. As the urban reforms are complicated, we know there is a likelihood of making mistakes. However, they will not affect the overall situation. Our policy is to see how things go before we take each new step. In short, there is only one principle, and that is the principle of "seeking truth from facts." We believe that the urban reforms will also be successful. The 3d Plenary Session of the 12th CPC Central Committee will write an important chapter in the history of China's development.

On the morning of 6 October at the Great Hall of the People Deng Xiaoping met all the Chinese and foreign representatives attending a forum on the economic cooperation between China and foreign countries, held by the China International Trust and Investment Corporation. He said the above on this occasion. Today's JINGJI RIBAO carries detailed excerpts of Deng Xiaoping's speech.

Deng Xiaoping said that 5 years ago, at the 3d Plenary Session of the 11th CPC Central Committee, the policy of revitalizing the domestic economy and opening the country to the world was formulated. The policy of revitalizing the domestic economy was first implemented in the rural areas because the rural population constitutes 80 percent of China's total population. Whether or not society can remain stable and whether or not the economy can develop is dependent on whether or not the peasants' livelihood improves. Now we can see that the new policy is rapidly bearing fruit and that its success is remarkable. He said that we are encouraged by the experiences in the rural areas and they have added to our confidence. The reform is one with revolutionary significance. At the same time, we have initiated the experiment of the urban reforms.

Deng Xiaoping said that China's development is inseparable from that of the world. We have summarized China's experience in being backward for a long time. One of the important factors that has contributed to its backwardness is its closed-door policy. Big countries such as China must rely on themselves in construction. This is what people call "self-reliance." However, they will not be successful if they pursue a closed-door policy. We are in need of the help offered by foreign countries in terms of funds and technology. Of course, the help is not unilateral. China has joined the international community. With the funds and technologies introduced from foreign countries, China will in turn contribute more to the international economic development. China's foreign trade development in recent years is evidence of this. Thus, we say both help and contributions are bilateral. I hope foreign entrepreneurs and businessmen will have greater courage to cooperate with us at a quick pace. In establishing comprehensive contacts between China and foreign countries, the China International Trust and Investment Corporation can be regarded as an opening at a time when China is pursuing the policy of opening the country to the world.

Xiaoping reiterated that China will adhere to the national policy of opening the country to the world for a long time and that it will not be changed for at least 50 to 70 years. Why? The reason is that our first goal is to quadruple the industrial and agricultural output value in 20 years. We want to attain one more goal: to develop the country into an advanced country in 30 to 50 years. It will take precisely 50 to 70 years to attain the two goals. He said that by that time things will change even less easily. Even if there are changes, they can only be that we are to become more open. Otherwise, our people will not accept the changes.

He said he hopes that international industrialists and businessmen will view their cooperation with China from an international point of view. The volume of China's trade with the United States, Japan, and Europe constitutes an insignificant part of the total volume of the world's trade.

If China can quadruple its industrial and agricultural output value, its economic relations with foreign countries will develop and the market will expand. Deng Xiaoping emphatically said that Western statesmen must bear in mind that if the West does not help the developing countries, it cannot solve its own problems. From the angle of world politics and world economy, China's development is beneficial to world peace and beneficial to the world's economic development. In the area of international cooperation, China, as well as the developed countries, should create conditions. The most important thing is that there is no need to be afraid that our policy might change. History will eventually prove that those who have helped us will receive benefits more valuable than the help they have offered us. In addition, their benefits will be of even greater political and strategic significance.

In conclusion, Deng Xiaoping answered some questions raised at the forum. He said that if the cooperation is considered risky, it is a joint risk. Regarding the question of the expiration of joint proprietorship, he said that if the technologies involved are really advanced, the expiration of joint proprietorship can be appropriately delayed.

#### Zhao Ziyang's Remarks

OW061738 Beijing XINHUA in English 1649 GMT 6 Oct 84

[Text] Beijing, October 6 (XINHUA) -- Zhao Ziyang, premier of the State Council, today described cooperation between China, the world's largest developing country, with other countries as significant to international prosperity. Such cooperation would help China develop its economy and achieve modernization, he said, and this will not only conform to the aspirations and interest of the Chinese people but will also greatly promote world economic prosperity.

Premier Zhao Ziyang made these remarks while meeting in the Great Hall of the People with international bankers, entrepreneurs and economists attending the symposium on China's economic cooperation with foreign countries.

He invited foreign entrepreneurs and bankers to participate more actively in economic and technological cooperation with China and wished quicker and bolder steps be taken in making their investments in this country. He said China is ready to listen to the proposals and suggestions put forward by foreign economists, legal experts and friends in business circles.

The premier described China's policy of opening to the rest of the world as "an established, long-term national policy that would not change".

Any changes in the future, he said, would only be in the direction of opening wider. "China will only open wider in the future and not the other way round," he stressed.

He said "this is the first time that China has ever held such a grand symposium on Sino-foreign economic cooperation." On behalf of the Chinese Government, the premier extended warm welcome to the participants from foreign countries and congratulations on the success of the symposium. At the request of foreign guests, Premier Zhao Ziyang gave a brief account of the considerations and objective of China's urban economic reforms which will soon start on a nationwide scale. Rong Yiren, chairman of the China International Trust and Investment Corporation, was present. Sponsored by CITIC, the symposium was held in Beijing between October 4 and 6.

DIPLOMAT INTERVIEWED ON PRC'S WORLD STATUS

OW290910 Beijing XINHUA in English 0835 GMT 29 Sep 84

[Text] Beijing, September 29 (XINHUA) -- Senior Chinese diplomat Huan Xiang said in a recent interview that China, which belongs to the Third World, has its own political weight and unique characteristics, and can play a unique role in the world. The interview is carried in the latest issue of the fortnightly magazine, WORLD AFFAIRS.

Huan, who has worked in the diplomatic service for many years, is now director of the Center of International Studies of the Chinese State Council and vice-chairman of the Foreign Affairs Committee of the National People's Congress Standing Committee. He said that it is an undeniable fact that the world today is tending to become multi-polar. People used to describe the Soviet Union, the United States, Japan, Europe and China as the poles of the international community, he said. "But people seldom mention the Third World as a focus of international attention. I think the Third World, to which China belongs, should be considered an important pole of the multi-polarized world."

He said that because of their different levels of development, the various centers of gravity play different roles in the international arena. He maintained that the status and role of any specific country should be viewed according to the following factors: political, economic and military. Some economically or militarily powerful countries lack other factors, so their roles are limited.

He listed China's major characteristics as follows:

- strategically important location;
- vast expanse of territory and big population;
- a degree of industrial and military power which backs China's political status;
- international political weight. As a permanent member of the U.N. Security Council, China can use the platform to better serve the interests of the Third World;
- independent foreign policy, not attaching itself to any big power or big-power group; and
- a mature party, the Chinese Communist Party, which has the determination and skill to apply the afore-said points.

The power of a country may be big or small, he said. But as long as it uses its power properly, it can play a role in determining a situation. He said that China has consistently followed an independent foreign policy. If a country attaches itself to this or that or that military bloc, its independence in foreign affairs will be adversely affected, and its role cannot be played properly.

On the question of whether the world economic focus is shifting from Europe to the Asia-Pacific region and whether the 21st century will be the "era of the Asia-Pacific region," Huan said that undoubtedly the status and role of the Asia-Pacific region are becoming more and more important because of the area's developed economy, stable political situation and advanced science and technology. On the other hand, he said, the contention between the Soviet Union and the U.S. in the region has become more acute than ever before and is still on the increase. He said that it is reasonable to say that in the 21st century the region will deserve more attention. "However," he said, "I don't think the Asia-Pacific region will be described as the focus of the world in the future." He said this is because every continent and region in the world has its own status and characteristics and can play its own role in world affairs.



PRESIDENTIAL CANDIDATES INTENSIFY ATTACKS

OW061520 Beijing XINHUA in English 1440 GMT 6 Oct 84

["Roundup: White House Race Speeds Up (by Shi Lujia)" -- XINHUA headline]

[Text] Washington, October 6 (XINHUA) -- The U.S. presidential campaign is approaching a climax with Republican candidate, incumbent President Ronald Reagan, and his Democratic challenger Walter Mondale stepping up day by day their charges against each other.

President Reagan, while continuing to show off the "achievements" he scored in the past nearly four years, has taken a series of measures to mend the fence in some internal and external affairs in an attempt to improve his image before voters. Reagan's meeting with Soviet Foreign Minister Andrey Gromyko at the end of last month was considered as a dramatic move only several weeks before the November election. He boasted afterward that the meeting was very beneficial and useful, though Gromyko said that he saw no positive change in the U.S. foreign policy. Political analysts said that Reagan's move was aimed at winning voters' support, because polls show that though most of the voters think that the economic economy is better now than four years ago, some voters have maintained that Reagan has not made great diplomatic achievements. To many American people, Reagan's tough position on arms control has led to new tension in U.S.-Soviet relations and increased the danger of war. Therefore, Reagan might hope that his meeting with Gromyko could change voters' unfavorable impression on his foreign policies. But Mondale, trying to reap advantages, had talks with Gromyko before Reagan's meeting with the Soviet foreign minister. He claimed afterward that he had seen the "opportunity" for improving U.S. -Soviet relations, implying that he would handle this issue better and more cautiously than Reagan if he is elected president, as he has repeatedly accused Reagan of being the only U.S. President ever to serve a four-year term without meeting a high-level Soviet official, and thus made the world "more insecure."

Two weeks ago, the bombing of the U.S. Embassy in Lebanon also provided an opportunity for Mondale to attack Reagan's foreign policy. The fact that the U.S. mission to Lebanon has been attacked four times in 17 months, Mondale said, showed the failure of Reagan's Middle East policy. He also said Reagan is responsible for the killing of two Americans in the last bombing because the administration did not provide enough protection for the mission. Reagan, in his counterattack, blamed the Carter Administration for cutting CIA's funds, saying the cut has affected U.S. intelligence services and led to the bombings, and thus putting the responsibility for the incident on the former president and Mondale, who served as vice president then. Reagan's accusation aroused indignation among those who had served in the Carter administration, including Carter himself, and Reagan later had to explain away the accusation.

With the election day approaching, the race between the two candidates is becoming fiercer. Reagan and Mondale will have two televised debates on Sunday and October 21. Both of them are making preparations, trying to win the contest.

FIRST REAGAN-MONDALE DEBATE HELD IN KENTUCKY

OW080916 Beijing XINHUA in English 0901 GMT 8 Oct 84

["Reagan, Mondale Hold First Debate (by Shi Lujia)" -- XINHUA headline]

[Text] Washington, October 7 (XINHUA) -- U.S. President Ronald Reagan and Democratic presidential candidate Walter Mondale held their first of two nationally televised debates tonight in Louisville, Kentucky, marking a new stage in their protracted presidential campaign.



Their debate tonight focused on the U.S. economic and other domestic issues under an agreement reached between the two sides.

Trailing far behind Reagan in recent public opinion polls, Mondale hoped to reap a big boost from debates by showing American voters what he called a "sharp contrast" between himself and Reagan on specific issues which the latter tried hard to avoid during the previous months of the campaign. The Republicans, on their part, hoped that a strong Reagan performance would seal the election for the incumbent.

During the 90-minute encounter, each candidate made every effort to defend his own position and attack the other. Both stuck to themes already familiar to all and there was nothing new with regard to their policies, which have been repeatedly stated during the campaign.

Mondale tried to highlight the huge federal deficit and social security programs, which he regarded as the weak points of the Reagan administration, while Reagan took pains to advocate the achievements made during the last four years since he came to power. He put forth to the American voters the same question he asked in 1980: "Are you better off than you were four years ago?", saying he is confident that the majority of American voters will reply yes. Mondale sneered at it and claimed that he is fighting for the future of America.

The two candidates also laid down their viewpoints on questions like religion, abortion, environment protection and leadership ability of a president. It is believed that the debate could have some impact on the final month of the campaign, but initial reactions reported by the American press so far did not spell out who got bigger gains from the encounter.

The two presidential candidates will hold their second debate on October 21 in Kansas City, and that will be on U.S. foreign policies. Before that, their running mates, George Bush and Geraldine Ferraro, will debate on October 11, Philadelphia.

#### ECONOMIC FACTORS FAVOR REAGAN RE-ELECTION

HK281501 Beijing LIAOWANG in Chinese No 37, 10 Sep 84 pp 28-29

[Article by Zhao Gui: "The Coming U.S. Presidential- Election as Viewed From Economic Conditions"]

[Text] The U.S. presidential election, which is held once every 4 years, is approaching. Domestic economic conditions will have an important impact on the outcome of the election. This is also the case with the re-election of an incumbent President.

In the United States, the economic conditions which have a direct influence on the choice of voters are the economic problems directly connected with the livelihood of voters. Generally speaking, when Americans vote, the thing which concerns them most is their pocketbook. This was one of the most important reasons for Reagan's defeat of Carter in 1980. In his TV election speech delivered in 1980, Reagan told Americans that when they were casting their votes, they should consider whether they had more or less money in their pockets than 4 years ago. At that time, this was truly a very powerful election slogan of Reagan's, which won him tens of thousands of votes.

The influence of the "pain index" on the election.

Among numerous economic indexes in the United States, the index most closely connected with the livelihood of voters is the "pain index." It is the total of the inflation rate and the unemployment rate. It is an index which reflects the degree of economic difficulties in the Americans' livelihood. It is also an economic index which is most influential in elections.

Postwar election results in the United States have shown that success or failure in the re-election of a President in office is also connected with the "pain index." For example, in the recent two elections, the failure of the Presidents in office was inseparable from increases in the "pain index." In 1976, this index reached as high as 13.5 percent, and Ford failed to retain his presidency. In 1980, the index reached 19.4 percent, and Carter was also defeated in the election.

This year's "pain index" is estimated at about 10 percent only. According to the latest figures on inflation and unemployment rates, the present "pain index" is about 9.9 percent (the inflation rate is 2.8 percent, and the unemployment rate is 7.1 percent). The Federal Reserve Board has now decided to restrict increases in the issue of money to avoid a rise in the inflation rate. The prime lending rate of the major American banks has been increased to 13 percent. Judging from the present situation, it seems that the inflation rate will not change considerably before the election. In addition, the increase in interest rates can also avoid overheated economic development. Evidently the U.S. economy will at least keep up its development before the election. Hence, the 7.1 percent unemployment rate will not change greatly. All this is most important to the re-election of Reagan.

The above-mentioned "pain index" is calculated on the basis of total numerical value. Through comparison, if we find that the unemployment rate and the inflation rate, the two items contained in the "pain index," have dropped, the situation will be most favorable to the re-election of an incumbent president. If one of them rises while the other drops, the situation is not too bad. If both unemployment and inflation rates increase simultaneously, the situation will be most detrimental to the re-election of the president in office. The situation regarding the "pain index" this year is the most favorable. During the 40 years since the war, there have been 19 election years. There have been only 4 election years in which the situation regarding this index has been most favorable. It is fortunate for Reagan that he is campaigning for re-election this year.

#### The Role of the "Pocketbook" in the Election.

The most scientific figure reflecting the actual number of dollars in Americans' pockets is "per capita real disposable income," that is, individual income after deduction of the inflation factor and payment of taxes.

According to estimates by the President's Council of Economic Advisers, in the first quarter of this year the annual "per capita real disposable income" was \$10,625 at current rates, which is \$4,877 calculated at the dollar's fixed rate in 1972. Last year, the corresponding figures were \$9,969 and \$4,672. Therefore, the per capita real disposable income this year is 4.4 percent higher than last year. Compared with other postwar election years in which incumbent presidents sought re-election, this year's figure is second only to that of 1964. Twenty years ago, due to tax reduction measures adopted by the Kennedy-Johnson administration and the low inflation rate before escalation of the Vietnam war, the per capita real disposable income in 1964 increased by 5.6 percent. In that year, Johnson defeated Senator Goldwater with an overwhelming majority, successfully culminating his re-election campaign.

During the postwar period, from 1946 to 1982, there was a total of 18 election years, including midterm elections. According to historical statistics, in years other than mid-term election or general election years, the average rate of increase of per capita real disposable income was 1.9 percent. In the mid-term election years, the average increase was 2.8 percent. When the incumbent president did not seek re-election, the increase rate was 2 percent. When the incumbent president sought re-election, the increase rate was 3.7 percent (with the exception of the period of the Eisenhower administration). From the above-quoted statistics, we discover that the increase rate in election years should, in general, be higher than that in other years. When the president seeks re-election, the increase rate should be higher than that of election years in which the president in office does not seek re-election.

When President Eisenhower was in power there were considerable differences between the political and economic concepts of value of that time and those of the present day and the role of per capita real disposable income in those years should therefore be regarded as an exception. In the remaining 14 election years during the postwar period, the per capita real disposable income increased in 10 election years, whereas it dropped in 4 election years. When the figure dropped, it generally produced a harmful effect on the ruling party, and on the president. The figure dropped in 1960, and Vice President Nixon was defeated by Kennedy in that election year. In 1980, the figure dropped by 0.6 percent, and Carter failed in that election campaign. In 1982, the figure dropped by 0.4 percent, and the Republicans lost some seats in the Congress, and state governorships.

This election year is the second year of economic recovery in the United States. According to the law of economic cycles in the United States, during the first year of economic recovery after recession, the economy increases by a large margin because the starting point for economic recovery in that year is comparatively low.

The starting point for economic recovery in the second year is higher than in the first year. Therefore, the margin of economic growth in the second year after recovery will generally drop. However, during the first half of this year, the U.S. economy developed rapidly beyond expectations. What is more important is that rapid economic growth has not brought about inflationary pressure. After deducting inflationary factors, the annual economic growth rate in the first quarter was 9.7 percent. The annual growth rate in the second quarter was 5.7 percent. The annual growth rate for this year is expected to be higher than the growth rate of 3.4 percent for last year. The annual inflation rate in the second quarter of this year was 1 percent lower than that for last year. It is obvious that before the presidential election, the U.S. economy will at least continue its steady progress because the pressure of inflation is not very strong.

In a word, economic conditions in this election year, as viewed using the "pain index" and "per capita real disposable income" in particular, are beneficial to the re-election of the incumbent President.

#### WU XIUQUAN MEETS VISITING STANFORD PROFESSOR

OW051302 Beijing XINHUA in English 1212 GMT 5 Oct 84

[Text] Beijing, October 5 (XINHUA) -- Wu Xiuquan, chairman of the Beijing Institute for International Strategic Studies, met here this afternoon with Dr John Lewis, director of the Center for International Security and Arms Control of the Stanford University of the United States of America, and his party. During the meeting Wu discussed with them the Sino-American relations, disarmament and other international issues of common interest. Later Wu gave a banquet for the U.S. guests.



USSR FOREIGN MINISTRY ON MEETINGS WITH U.S.

OW051608 Beijing XINUA in English 1456 GMT 5 Oct 84

[Text? Moscow, October 4 (XINHUA) -- A Moscow statement made here today indicated that the Soviet Union was still holding a wait-and-see attitude toward the Soviet-U.S. relations before the upcoming U.S. election in November, observers here noted.

The statement was made by Soviet Foreign Ministry spokesman Vladimir Lomeyko who said that the recent meetings between Soviet Foreign Minister Andrey Gromyko and U.S. leaders were "important" and "useful" while blaming the United States for showing concerns over the arms race only in words.

He made the statement at a news conference here today after the Political Bureau of the Central Committee of the Communist Party of the Soviet Union (CPSU) heard and approved a report by the Soviet foreign minister on the Soviet delegation's activities at the 35th session of the UN General Assembly.

Lomeyko said that the meetings at the UN session between Andrey Gromyko and U.S. President Ronald Reagan and Secretary of State George Shultz were important and useful because they provided "an opportunity for exchanging views on a broad range of issues, for setting forth one's position and hearing the opinion of the other."

But he also said, "one has to state that the exchange of views on Soviet-U.S. relations and the state of world affairs did not reveal signs that would attest to the real intention of the United States to adjust its policy course towards realism and peacefulness." Andrey Gromyko met with George Shultz and Ronald Reagan respectively on September 26 and 27.

Ronald Reagan said in a televised speech on September 28 that the Kremlin knew it could gain nothing from its rigid approach but if the Kremlin chose to sincerely solve the outstanding problems facing the two countries, the United States would do the same.

Gromyko said in a statement to TASS the next day that Moscow will continue to judge the real intentions of the U.S. Administration by its actual deeds and that only future could show whether Washington is going to correct its line of policy.

## Gromyko Comments on Dialogue

OW071848 Beijing XINHUA in English 1834 GMT 7 Oct 84

["Soviet Foreign Minister Welcomes Further Dialogue with U.S. -- XINHUA headline]

[Text] Berlin, October 6 (XINHUA) -- Soviet Foreign Minister Andrey Gromyko expressed here today that the Soviet Union welcomes a "frank and serious dialogue" with the United States.

Speaking at a ceremony here to mark the 35th anniversary of the founding of the German Democratic Republic, Gromyko said that there would be no problem on the part of Moscow if Washington shows real concern for the urgent problems in modern international life, particularly the halting of arms race. "Time will show whether the United States intends to change its policies in a positive way," he noted.



He accused Washington of adopting a policy of confrontation and seeking military supremacy.

He also criticized the United States for "visibly not wanting to negotiate a ban on the militarization of space."

Gromyko said that "all attempts in certain circles of NATO (the North Atlantic Treaty Organization), especially in West Germany, to revise the current territorial realities on our continent must be rejected."

He warned that the Soviet Union will make resolute response to any attempts to break the inviolability of post-World War II borders in Europe.

This was the first time that Gromyko made a public speech on the Soviet-American relations and the European situation after his meeting with U.S. President Ronald Reagan in Washington last week. But he did not raise any suggestion on relaxing the Soviet-American relations.

#### CHERNENKO CALLS FOR FIGHT AGAINST CORRUPTION

OW051914 Beijing XINHUA in English 1900 GMT 5 Oct 84

[Text] Moscow, October 5 (XINHUA) -- Soviet leader Konstantin Chernenko called today for fight against corruption and stressed the role of people's control in all fields of Soviet economic life.

A fight should be waged against bribe-taking, profiteering, squandering and embezzlement of state property and abuse of power, Chernenko told a conference of people's controllers, who are anti-corruption workers with their overwhelming majority reportedly on a volunteer non-salary basis.

The general secretary of the Soviet Communist Party also said the party's Political Bureau has set up a commission to study ways of improving management and economic efficiency.

Chernenko, who is also the Soviet president, admitted inefficiency in industry and other trades are shown in poor quality of construction projects, waste of raw materials, failures to fulfill contracts and dissatisfactory services.

He called for improvement in the organization of labor, strengthening discipline and tightening the economic regime.

"The point is seriously to improve planning and managerial structures and to bring into play the powerful levers of every worker's personal interest in and responsibility for his or her work," he said.

He added that new elements in the economic mechanisms have been realized together with the large scale economic experiment currently conducted in a number of industries.

DPRK, PRC CELEBRATE 35TH ANNIVERSARY OF RELATIONS

## DPRK Leaders' Greetings

C051948 Beijing XINHUA in English 1928 GMT 5 Oct 84

["Anniversary of Establishment of Diplomatic Relations Between DPRK and China Greeted" -- XINHUA headline]

[Text] Pyongyang, October 5 (XINHUA) -- President of the Democratic People's Republic of Korea Kim Il-song and Premier Kang Song-san today sent messages of congratulations to Chinese President Li Xiannian and Premier Zhao Ziyang, warmly greeting the 35th anniversary of the establishment of diplomatic relations between the two countries.

President Kim said in his message: "The founding of the Democratic People's Republic of Korea and the People's Republic of China and the establishment of diplomatic relations between the two countries were brilliant results of the revolutionary struggles of the Oriental people for national and class liberation and marked an epoch-making turning point which has led to an all-round development of the bonds of close friendship between the two countries to a new and higher plane."

The message said: "Over the past 35 years our two countries have constantly consolidated and developed the indestructible, fraternal relations of friendship and cooperation without wavering in any trial and storm, cherishing at all times fraternity as revolutionary comrades-in-arms and sense of obligation as class brothers." It also said, "Our two peoples have fought shoulder to shoulder to repel imperialist aggressors, cooperated closely with each other in the struggle for socialist construction, and kept pace with each other in the international arena, too, for the victory of the cause of peace."

It went on to say: "The great Korea-China friendship, which has deep historical roots, was firmly fixed by law by the treaty of friendship, cooperation and mutual assistance between the two countries." "Today, the Korea-China friendship has grown to a higher stage. This greatly helps the maintenance of peace and security in Asia and the rest of the world," it added.

The Korean leader reaffirmed the determination of the DPRK Government and people to continue to make every effort to cement and develop this friendship generation after generation and wished the fraternal Chinese people under the leadership of the Chinese Communist Party greater successes in the effort to build a modern socialist power, highly democratic and highly civilised, and in the struggle for the return of Taiwan to the motherland to achieve the reunification of the country.

Premier Kang in his message said the establishment of diplomatic relations between DPRK and China opened up a broad way for reinforcing their traditional friendship and unity, and expanding and developing their exchanges and cooperation in an all-round way. In the 35 years since the opening of diplomatic relations, he said, the Korean and Chinese peoples have supported and cooperated closely as class brothers and revolutionary comrades-in-arms in the struggle against their common enemies and in socialist construction, and they have turned their once poor and backward countries into prosperous and thriving socialist countries with an entirely new outlook. Kang expressed his belief that "under the deep attention and care of the leaders of the two countries, the great Korea-China friendship, which is in full blossom, will continue to grow and flourish in any adversity."

On the same day, the DPRK Vice President and Foreign Minister Kim Yong-nam also sent a message to China State Councillor and Foreign Minister Wu Xueqian to congratulate him on the occasion.

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Zhao Meets Kim Chae-suk

OW061310 Beijing XINHUA in English 1257 GMT 6 Oct 84

[Text] Beijing, October 6 (XINHUA) -- Chinese Premier Zhao Ziyang met here this afternoon a delegation from the Foreign Ministry of the Democratic People's Republic of Korea led by Vice-Minister Kim Chae-suk.

The premier said that he was glad to meet the Korean delegation today, which happened to be the 35th anniversary of the establishment of Sino-Korean diplomatic relations. The past 35 years had seen very good relations between the two parties and countries and their continuous growth. China and D.P.R.K. had supported each other in the socialist construction and cooperated closely in international struggles. Fruitful results had also been achieved in the economic and technical cooperation between the two countries.

Zhao said that what was most valuable in Sino-Korean relations was their sustained mutual trust, which had stood firm before all storms. He expressed the belief that enjoying the attention of the leaders of the two countries, and through the efforts of the two peoples, the friendship between the two parties and peoples would last from generation to generation.

Kim Chae-suk conveyed greetings to the Chinese premier from the Korean Premier Kang Song-san. He said that the Korean party and government would do all it could to further the friendship between the two countries. Zhao asked Kim to convey his greetings to the Korean premier.

Liu Zhuqing, vice-minister of foreign affairs, and Sin In-ha, Korean ambassador to China, were present. The delegation arrived here yesterday to attend celebrations of the 35th anniversary of the establishment of diplomatic relations between the two countries.

NODONG SINMUN Comments

OW061601 Beijing XINHUA in English 1137 GMT 6 Oct 84

[Text] Pyongyang, October 6 (XINHUA) -- The Korean newspaper NODONG SINMUN said today the establishment of diplomatic relations between Korea and China opened a new page in the history of the Korean-Chinese ties.

An article in the paper to mark the 35th anniversary of the establishment on diplomatic ties between Korea and China said: Over the past 35 years, the two peoples have helped and supported each other and achieved great success in their socialist revolution and construction.

It praised the Chinese people for having built up a prosperous New China through self-reliance and hard struggle under the leadership of the Chinese Communist Party. It described the initialling of the Sino-British joint declaration on Hong Kong as "another great achievement of the Chinese people" in their effort to reunify their country.

The article pointed out that the Korean-Chinese friendship is growing continuously under the care of the parties and leaders of the two countries. The exchange of visits between leaders of the two countries in recent years had advanced the friendly cooperation to a new level and laid a solid foundation upon which the Korean-Chinese friendship could be handed down from generation to generation.



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NORTHEAST ASIA

Foreign Ministry Delegation in Pyongyang

OW081520 Beijing XINHUA in English 1436 GMT 8 Oct 84

[Text] Pyongyang, October 9 (XINHUA) -- Kang Song-san, premier of the Democratic People's Republic of Korea, said here today that the Korea-China friendship has been proved to be unbreakable through a long-term historical test. Kang said this in his meeting with a visiting Chinese Foreign Ministry delegation led by Vice-Minister Yao Guang this afternoon. The Chinese delegation came here to attend celebrations for the 35th anniversary of the establishment of diplomatic relations between Korea and China.

In his cordial conversation with the Chinese guests, Kang said on the occasion of marking the 35th anniversary of the founding of their country, the Chinese people displayed their tremendous achievements in the past 35 years in the economic, scientific and technical, and defense fields. He also expressed congratulations on the initialling of the Sino-British joint declaration on Hong Kong.

Touching on the recent delivery of flood relief goods to the South Korean side by the DPRK Red Cross Society, Kang Song-san said this is helpful for deepening mutual understanding between the North and South of Korea and beneficial to the reunification of the fatherland in line with the three major principles of independence, peace and great national unity.

Yao Guang said that through the current visit, the Chinese delegation is convinced more deeply that the Sino-Korean friendship is unshakable, and the delegation has learned more valuable experiences from the Korean comrades.

Chinese Ambassador to Korea Zong Kewen was present on the occasion. The Chinese Foreign Ministry delegation arrived here on October 5.

YANG SHANGKUN SEES FORMER KMT OFFICIAL FROM JAPAN

OW291621 Beijing XINHUA in English 1608 GMT 29 Sep 84

[Text] Beijing, September 29 (XINHUA) -- Yang Shangkun, vice-chairman of the Central Military Commission of the People's Republic of China, this morning met Ma Jinfa, former commander of engineers of the Kuomintang Military Commission, and Sakuka Yasuda, wife of Shang Zhen, former chief of the Kuomintang government mission in Japan. Yang had a cordial conversation with them.

Ma Jinsan and Sakuko Yasuda arrived in Beijing September 25 from Japan to attend celebrations of the 35th anniversary of the foundation of the People's Republic of China.

HAN NIANLONG DISCUSSES SINO-JAPANESE RELATIONS

HK031209 Beijing RENMIN RIBAO in Chinese 28 Sep 84 p 7

[Article by reporter Zhou Bin: "Opening Up a New Century of Sino-Japanese Relations -- Adviser to the Foreign Ministry Han Nianlong Reminisces About the Process of Establishment of Sino-Japanese Diplomatic Relations"]

[Text] On the eve of the 35th anniversary of the founding of the PRC, this reporter called on Comrade Han Nianlong, adviser to the Foreign Ministry.



For a long period of time, Comrade Han Nianlong was in charge of Asian affairs in the Foreign Ministry. He also participated in the series of important talks on the establishment of Sino-Japanese diplomatic relations and the concluding of the peace and friendship treaty between the two countries. He made nearly 10 visits to Japan and received many Japanese friends. Therefore, when this reporter asked him to recall the times and scenes shortly before and after the establishment of Sino-Japanese diplomatic relations, he happily agreed, but at the same time, he said with deep feeling that in regard to this question, Comrade Liao Chengzhi was the person most familiar with the situation and the one most qualified to speak on the subject. The Japanese Government and public have honored Comrade Chengzhi as the "pathbreaker" and "walking dictionary" of postwar Sino-Japanese relations. It is to be regretted that the revered Liao has passed away.

#### The General Trend of the Times and the Desire of the People

"China and Japan are close neighbors separated by only a strip of water, and the friendship between the two peoples has a long history. At any time and in any country, it is rare for countries to have been so close to each other in their histories, cultures, local conditions, habits and customs, and to have influenced each other over a long period of time. We do not have to go too far back in history to cite an example. In prewar days, a Japanese could not be regarded as educated if he could not read Chinese or failed to understand Chinese poetry, and if he had never read 'Confucius' and 'Mencius.' After Japan's adoption of the modernized road through the Meiji Restoration, many Chinese people with lofty ideas went to study in Japan in search of a way to salvage the nation and the people. Professor Edwin O. Reischauer, American specialist on Asian affairs and U.S. ambassador to Japan, once said: 'The Japanese have an intimacy with China which a third party finds very difficult to understand and explain.' At that time, he was trying to explain that the association of Japan with China was an inevitable trend."

Here, without waiting for the reporter to pose a question, the revered Han zestfully continued: "Therefore, despite the fact that the several postwar Japanese governments disregarded the existence of New China, being subject to U.S. pressure in varying degrees, and refused to establish normal diplomatic relations with New China, exchanges and contacts between the two peoples began long ago. Mass organizations advocating a friendly attitude toward China appeared one after another, and people of all circles wanting to improve the relations between the two countries vied to visit China. Trade between the two peoples and semi-official and semi-civilian "trade in memorandum form" continued to develop, and there was an ever-increasing number of exchanges of newspaper reporters.... All this was uncommon in China's relations with other countries, including those countries which had established normal diplomatic relations with China and those which had not done so at that time. It was precisely because of this tremendous force that a demand for the normalization of diplomatic relations between the two countries resounded over the islands of Japan. Premier Zhou often described Sino-Japanese friendship as 'the general trend of the times and the desire of the people.' That was doubtlessly correct."

#### Grasp the Opportunity, and Make the Decision Resolutely

"The restoration of China's legitimate place in the United Nations in 1971, and President Nixon's visit to China in 1972 put the Eisaku Sato Cabinet in a very difficult position. The China issue became the focus of intense debate in Japan. In early July 1972, Kakuei Tanaka, who had made the normalization of Sino-Japanese diplomatic relations his top priority in politics, formed his Cabinet. Prime Minister Tanaka expressed his intention of visiting China personally. Chairman Mao and Premier Zhou promptly saw and grasped the favorable opportunity.

They entrusted the then foreign minister Ji Pengfei with making an announcement on 12 August that Premier Zhou welcomed Prime Minister Tanaka's visit to China in order to normalize diplomatic relations between the two countries through dialogue. Actually, prior to Tanaka's coming to power, Premier Zhou had explicitly expressed in an interview with the Komeito Party delegation that Beijing airport was always open to a new Japanese prime minister willing to realize the normalization of diplomatic relations with China!

"On 24 September, Prime Minister Kakuei Tanaka, Minister of Foreign Affairs Masayoshi Ohira, and head of the Secretariat of the Prime Minister, Sasumu Nikaido, arrived in Beijing. On 29 September, the governments of the two countries made public their joint statement, which was of far-reaching historical significance, and the normalization of Sino-Japanese diplomatic relations long expected by the two peoples for so many years was finally realized!

"That is why, when Premier Zhou proposed that 'we should not forget where our happiness comes from,' he required that we should highly appraise the role of Prime Minister Tanaka in the historical change in Sino-Japanese relations, while we should always remember our old friends who made contributions to the normalization of Sino-Japanese diplomatic relations.

"On the part of Japan, Tanaka's Cabinet went with the will of the Japanese people, overcame resistance, and resolutely established diplomatic relations with China. This was welcomed by the whole country." Japanese public opinion circles successively praised Prime Minister Tanaka for skillfully seizing the opportunity, and resolutely solving the most difficult problem in postwar Japanese foreign affairs."

Regard Each Other With Sincerity, Be Frank and Friendly

What were the major topics of discussion during the talks to establish diplomatic relations between the leaders of the two countries? What was the atmosphere like? This reporter asked the revered Han.

"First, the two parties unanimously held that the normalization of diplomatic relations between the two countries conformed not only to the basic interests of the two countries, but also the peace and stability of the Asian-Pacific region, and even the whole world." Comrade Han Nianlong continued: "As everyone knows, the chief stumbling block which had long affected the normalization of diplomatic relations between the two countries was the Taiwan issue. During the talks, the two sides regarded each other with sincerity and exchanged views frankly in a friendly fashion. Japan explicitly acknowledged that the PRC Government is the sole legal government of China and expressed its full understanding of and respect for the Chinese Government's stand that Taiwan is an inseparable part of the PRC. At a press conference, Masayoshi Ohira, Japanese minister of foreign affairs formally announced: 'The Japanese-Chinese Peace Treaty' (the so-called peace treaty signed between Japan and the Taiwan authorities) has lost its significance and has now come to an end.

"In consideration of complicated historical conditions and practical factors, the Chinese Government expressed its understanding that, after the normalization of diplomatic relations between the two countries, Japan could maintain its unofficial, civilian relations and contacts with the people of Taiwan. Practice has proved that by doing so, the Chinese Government has persisted in its 'one China' stand and has made necessary, fair, and reasonable concessions as well. This is an example of how Chairman Mao and Premier Zhou successfully combined principle with flexibility in China's foreign affairs, which is always worth studying."

## Draw Lessons From Past Experiences, and Avoid Repeating Past Mistakes

Then the revered Han changed the topic, smiled, and said: "Of course, the talks were not always smooth sailing. For example, regarding the Japanese Government, how should it deal with the 50-year aggression against China of the Japanese militarists, in particular, the 8-year aggressive war against China which caused disasters to the whole country? We should say that the Japanese party touched upon this lightly with an excuse that it 'had caused the Chinese people great trouble.' Such an attitude was of course not acceptable to the Chinese side. It was not that the Chinese Government and the Chinese people wanted to look backward and to settle an old account, but they held that only when the Japanese Government had an explicit understanding of this matter of important principle would they genuinely draw lessons from the past and educate their future generations that their past mistakes should never be repeated.

"Through negotiation, the following passage was added to the joint statement: 'The Japanese side keenly feels Japan's responsibility for having caused the Chinese people great losses in the war and express their profound regret.' I remember the two foreign ministers held a long talk till two o'clock in the morning. The passage was added at the proposal of Japanese Minister of Foreign Affairs Masayoshi Ohira, and Minister Ji expressed his agreement at once.

"Recalling this today, it was correct and necessary for the Chinese side to do so at that time. Even at present, there are some people in Japan who seem to lack a clear understanding about it. The 'textbook issue' which took place in 1982 had its basic cause here, too, and it is why Mr Yasuhiro Nakasone, as current Japanese prime minister made it explicit at the congress early this year, that the war against China was an aggressive one on the part of Japan and voiced the pledge that 'Japan and China will never fight each other again'. Together with the leading member of our country, he has formulated through negotiation the four principles for guiding the relations of the two countries and initiated the 21st Century Sino-Japanese Friendship Committee. This has been appraised highly in world opinion and has won universal acclaim from the peoples of the two countries.

## Promote Understanding on the Basis of Equality and Mutual Benefits

In order to better develop friendly and cooperative relations between China and Japan, what are the issues to which we should pay special attention? That was the last question posed by the reporter.

"In reference to this question, the leaders of the two countries and other personages have talked at length about it. Here, I should like to talk about my personal impression: First, I feel that it is necessary to further promote our mutual understanding. Compared with the situation 12 years ago, the mutual understanding of the two countries has greatly deepened with the rapid development of political, economic, scientific and technological, and cultural exchanges between the two countries, and the continuous increase in contacts between the people of the two countries. However, with the differences in the social systems and ideologies of the two countries and the differences in historical traditions and actual conditions, the two sides hold different views on some questions, from which some doubts and misunderstandings arise sometimes, which is quite natural. It is precisely in the sense of promoting understanding that General Secretary Hu has invited 3,000 Japanese young people, who represent the future, to visit China so as to understand China. This is a great pioneering work. I believe this activity will certainly achieve satisfactory results.

"Second, it is imperative to achieve genuine equality and mutual benefits. As far as the economic cooperation between the two sides is concerned, the two countries each have their own needs and their own advantages (China is rich in natural resources and has a tremendous market and ample labor force, while Japan is advanced in technology, rich in capital funds, and has a high level of management and operation.)



Because of this, the two countries can help supply each other's needs, supplement each other, and benefit the people of the two countries. Therefore, the shortsighted view of a small number of people, who regard a little help as some favors bestowed, and the impractical illusion of relying on others instead of one's own efforts are both unfavorable to long-term and all-round cooperation. In this aspect, there is also a process of continuously deepening our mutual understanding.

When this reporter was saying good-bye to him, the revered Han stressed: "At present, Sino-Japanese relations are at their best level in history. So long as the two sides observe the basic principles of the Sino-Japanese joint statement and the peace and friendship treaty, keep their promises, and continue to exert their efforts, the two countries can not only maintain their friendship from generation to generation, but will serve as an example of peaceful coexistence between two countries of different social systems and play a good, exemplary role in Asia and the world."

#### ABE REMARKS SHOW JAPAN SHIFT IN POSITION ON KOREA

OW051854 Beijing XINHUA in English 1837 GMT 5 Oct 84

[Text] Tokyo, October 5 (XINHUA) -- Japanese Foreign Minister Shintaro Abe said here today that dialogues should be held over the relaxation of tension on the Korean peninsula irrespective of their forms. He made the remarks in an interview with the television station of the Japan Broadcasting Corporation (NHK).

In order to relax tension on the Korean peninsula, Japan will negate neither tripartite talks, nor quadripartite talks, nor hexapartite talks, he said. Any form will do if it is agreed upon by the sides concerned, he added. He stressed that so long as the talks are designed to relax tension on the Korean peninsula, forms of political dialogues are not important. Local press pointed out that Abe's speech indicated a shift in Japan's position on the Korean issue. Japan had previously opposed to tripartite talks and was only in favor of direct talks between the northern and southern sides of the divided peninsula.

Speaking about his talks in New York with Soviet Foreign Minister Andrey Gromyko, Abe said no substantial progress was made. He told reporters that there are not only territorial problems between Japan and the Soviet Union but also various other problems that need to be consulted.

#### DENG YINGCHAO MEETS JAPANESE KOMEI PARTY GROUP

OW080920 Beijing XINHUA in English 0908 GMT 8 Oct 84

[Text] Beijing, October 8 (XINHUA) -- Deng Yingchao, chairperson of the National Committee of the Chinese People's Political Consultative Conference, met this morning with a goodwill delegation from the Komei Party of Japan headed by its Chairman Yoshikatsu Takeiri at the Xinhua Hall in Zhongnanhai. Yoshikatsu Takeiri has visited China on more than ten occasions and made important contributions to the establishment of diplomatic relations between China and Japan and the development of friendship between the two countries.

In a cordial and pleasant conversation, Deng Yingchao said: "Both old and new friends from the Komei Party have visited me in my home, bringing honor to me." She said: "This residence is a Qing Dynasty building and I and Comrade Enlai lived here for more than twenty years." Yoshikatsu Takeiri presented a clock to Deng Yingchao, saying: "We will work for Japan-China friendship like winding a timepiece."



SIHANOUK DEPARTS CHINA FOR NEW YORK 6 OCT

OW060728 Beijing XINHUA in English 0705 GMT 6 Oct 84

[Text] Beijing, October 6 (XINHUA) -- Samdech Norodom Sihanouk, head of the Democratic Kampuchean delegation and president of Democratic Kampuchea, left here this morning for New York to continue attending the UN General Assembly session after an official visit to China. Chinese President Li Xiannian and his wife Lin Jiamei saw President and Madame Sihanouk off at the guesthouse.

Sihanouk told Li Xiannian, "Two days ago, I met with ASEAN diplomatic envoys to China. I told them that the Vietnamese authorities attempted to disrupt the unity and cooperation between the three patriotic forces of Democratic Kampuchea but they could not succeed. Nobody on earth can disrupt our unity."

President Li said he wished the three parties of Democratic Kampuchea still bigger victories at the UN General Assembly session. Sihanouk said that he would continue to expose the Vietnamese authorities' plots at the session.

RENMIN RIBAO VIEWS NGUYEN CO THACH JAPAN VISIT

HK060940 Beijing RENMIN RIBAO in Chinese 6 Oct 84 p 6

["Random Notes" by Zhi Guang: "Daydream"]

[Text] On 3 October, Vietnamese Foreign Minister Nguyen Co Thach once again played the old tune of a "Chinese threat" in Tokyo, saying that the failure to resolve the question of Kampuchea was due to the ASEAN countries' obstruction and China's invasion and threat. He also took advantage of the subject to sow discord between China and Japan. He threatened Japan by saying: "Fortunately Japan is separated from China by a sea, otherwise China would cross the Sino-Japanese border;" and that "no one can predict any changes in China's policies. People must always bear in mind that China's policies may become the best ones or the worst ones."

He was really an excellent lobbyist. But, no matter how glib a tongue he has, Nguyen Co Thach absolutely cannot deny the fact that it was not China but Vietnam that invaded Kampuchea. When answering questions raised by reporters, he evaded the question of to what country had China dispatched troops, but had to talk about the question of the withdrawal of Vietnamese troops from Kampuchea. This shows precisely that it was none other than Vietnam itself that had crossed borders to make inroads into other countries.

Nguyen Co Thach attempted to undermine Sino-Japanese relations and this was indeed a daydream. Peaceful coexistence between China and Japan and friendship for generation after generation have become the common desires of the peoples of the two countries. While Nguyen Co Thach was visiting Japan with ulterior motives, some 3,000 Japanese youths were visiting China as peaceful and friendly envoys of the Japanese people. In the face of the raging tide of Sino-Japanese peace and friendship, Nguyen Co Thach, a perverse son [gu chen nie zi 1324 5256 5642 1311] who tried to undermine Sino-Japanese relations, appeared truly insignificant and pitiful.

It was evident that when Nguyen Co Thach pretended to show his concern for Japan over the fear that Japan might be invaded by China, he really did not care about Japan, but intended to induce Japan to support Vietnam's tricks on the question of Kampuchea. At one moment, he praised Japan as "the greatest country and one which could make contributions to peace and stability in Asia and the world."

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But the next moment, he threatened Japan, saying that if Japan supports the policy adopted by China and the ASEAN countries on the question of Kampuchea, then Japan will "have no right to attend" the "new international conference" which they proposed. So that is how it is! Nguyen Co Thach, with honey on his lips and murder in his heart, has thus ripped off his own mask.

#### HONG KONG ATTRACTING MULTINATIONAL INVESTMENT

OW051828 Beijing XINHUA in English 1446 GMT 5 Oct 84

[Text] Washington, October 4 (XINHUA) -- Multinational companies are vying for a foothold in Hong Kong in expectation of doing more trade with China, BUSINESS WEEK magazine reported in its October 8 issue.

The magazine said that most foreign multinationals see the change after the September 26 joint declaration between China and Britain over the future of Hong Kong as a golden opportunity to carve a deeper niche in the China market.

"Companies that expand and develop their operations here (in Hong Kong), hire local people, and give them opportunities and security -- these companies will be rewarded," says John T. Kamm, vice-president of Diamond Sharmrock Corp., which has moved its Asian headquarters to Hong Kong from Tokyo. He was also quoted as saying: "As a place to do export business, Hong Kong is excellent."

The K Mart Corporation, one of the biggest retailers in the United States, has just capped months of effort with an order to supply a broad line of its consumer goods to China-owned department stores in Hong Kong, according to the magazine.

Many companies like K Mart Corp. believe that they can benefit from Hong Kong's growing link with the mainland of China. Last year, direct U.S. investment in Hong Kong grew by 10 percent to 3.3 billion dollars. U.S. trade companies boosted their capital there by 34 percent during the year.

Exxon Corporation, the world's biggest of any kind, decided last year to spend an extra 750 million dollars to expand a 2.2 billion dollar electric power station in Hong Kong and Japan's Asahi Optical Corporation will expand its Hong Kong camera plant by 30 percent this year. The Dow Chemical Pacific Company just completed a 4-million-dollar expansion of its plant that makes plastics for Hong Kong's toy and fast-food industries and foreign cigarette makers are spending millions of dollars a year to compete in Hong Kong market.

Joining in the investment race are also banks. Bank of America plans to invest 60 million in a regional data center in Hong Kong while Citicorp opened two trading companies there last year. The latter also owns a new 80-million-dollar building in Hong Kong.

"We expect to be here (in Hong Kong) for a long time. It's a major financial center, and it will continue to be so", Citibank Vice-President Victor Menetes was quoted as saying.

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PAKISTANI FOREIGN MINISTER ON AFCHAN PROBLEM

OW061054 Beijing XINHUA in English 0640 GMT 6 Oct 84

[Text] United Nations, October 5 (XINHUA) -- "The solution of the Afghanistan problem must be consistent with the stand taken by the international community in the General Assembly resolutions and the decisions of the Non-Aligned Movement and the Islamic conference, which have repeatedly called for the withdrawal of the Soviet troops from Afghanistan." This was stressed by Sahabzada Yaqub Ali Khan, foreign minister of Pakistan, during an interview with XINHUA here today.

Yaqub Ali Khan said Pakistan believes that "the four elements outlined by the U.N. secretary general's personal representative at the initial stages of the indirect talks" at Geneva, namely, withdrawal of foreign troops, non-interference, international guarantees and the safe and honorable return of Afghan refugees to their homes, "are inter-related and an indispensable basis for a just settlement of the issue."

He said the recent escalation of tension on the Pakistan-Afghanistan border "has been caused by the serious and repeated violations of Pakistan's territory from the Afghanistan side on the eve of the third round of the Geneva talks." "Since the middle of last month, there have been more than ten serious incidents of violations of our territory, resulting in the loss of more than 50 innocent lives including Pakistani civilians and Afghan refugees, and damage to property," he recalled.

The Pakistani foreign minister said, "We have heard reports about some increase in the number of Soviet troops and their redeployment closer to the Pakistan-Afghanistan border."

Yaqub Ali Khan is heading the Pakistani delegation to the current session of the U.N. General Assembly.

NEPALESE FOREIGN MINISTER POSTPONES PRC VISIT

OW080714 Beijing XINHUA in English 0706 GMT 8 Oct 84

[Text] Beijing, October 8 (XINHUA) -- Nepalese Minister for Foreign Affairs Padma Bahadur Khatri has put off his trip to China because of illness, the Chinese Foreign Ministry said here this morning. Minister Khatri was originally scheduled to visit China from October 8 to 15.

PRC BUDDHIST DELEGATION LEAVES FOR NEPAL

OW081356 Beijing XINHUA in English 1329 GMT 8 Oct 84

[Text] Lhasa, October 8 (XINHUA) -- A 9-member Chinese Buddhist delegation left here for Nepal by bus today as guests of the Buddhist organization of the Kingdom of Nepal.

The delegation, the first sent to Nepal by the Buddhist Association of China, is led by Lunzhu Taokai noted Kansu from the Sera Monastery and member of the Standing Council of the association.

The delegation consists of living Buddhas from Duojedra and Gendain Monasteries in Tibet and senior officials from the Yellow, Red, White Ben and Sakya sects of Tibetan Lamaism.



FRG SPOKESMAN ON KOHL'S COMING VISIT TO PRC

OW060744 Beijing XINHUA in English 0714 GMT 6 Oct 84

[Text] Bonn, October 5 (XINHUA) -- Federal German Government Spokesman Peter Boenisch said today that Chancellor Helmut Kohl's visit to China aims at strengthening the relations between the two countries, with emphasis on the development of bilateral economic cooperation. Speaking at a press conference, Boenisch said Federal Germany and China adopt different social systems, but they don't prevent the two countries from cooperating with each other. The economies of Federal Germany and China can complement each other, he added. During his stay in Beijing, he said, Kohl will sign a cooperation agreement on inland water transportation.

He said that China is a factor contributing to maintaining peace and stability. The two countries have many similar or some identical views on the international issues, he said. Boenisch said Kohl will also discuss with Chinese leaders the issues of strengthening the cultural cooperation between the two countries and increasing the number of Chinese scientific and technical personnel and students who will study in Federal Germany. Kohl is scheduled to leave Bonn for China on October 6.

## XINHUA Comments

OW061703 Beijing XINHUA in English 1303 GMT 6 Oct 84

["Sino-Federal German Economic, Cultural Ties Expand" -- XINHUA headline]

[Text] Bonn, October 4 (XINHUA) -- As thousands of Chinese have paid visits to and many Chinese exhibitions held in this country in recent years, things about China have often become the talk of the town in Federal Germany.

"We have 'China Week' or 'China Month' very often," senior leaders of the economic and cultural circles here said in their recent interviews with XINHUA. True, their description of profound feeling toward China vividly mirrors the steady development of relations between the two countries and the increasing personnel exchange in the fields of economy and culture in the past few years. According to statistics, 735 Chinese delegations and study groups comprising 4,000 persons visited this country last year. Chinese Vice-Premier Li Peng received a warm welcome when he visited the country this year.

Meanwhile, many Federal German delegations, including those led by five Federal Cabinet ministers and three state minister-presidents, have visited China. Chairman of the Social Democratic Party (SPD) Willy Brandt and former Federal German Chancellor Helmut Schmidt also paid a visit to China. All the visits have promoted the development of relations between the two countries, the increase in economic and cultural exchange in particular.

Federal Germany has been a major trade partner of China. In 1983, the volume of bilateral trade reached 4.7 billion marks (about 1.6 billion U.S. dollars), up 25 percent from 1982 and 7.6 times that of 1972 when diplomatic relations were established between the two countries. The trade volume in the first half of this year increased by 11.5 percent as against the same period of last year.

In recent years, enterprises of the two countries have cooperated in several hundred projects, including those of technical cooperation, joint ventures, compensation trade and processing of supplied materials.

China also signed more than 120 contracts on the import of Federal German technology, with the total value exceeding one billion U.S. dollars. Of China's total imported technology, the projects provided by Federal Germany come second in volume.

The regional economic and trade relations of the two countries have also grown rapidly. China's Liaoning, Jiangsu, Anhui, Shandong and other provinces have established economic relations with Federal Germany's states of Baden-Wuerttemberg, Hessen, Bavaria, North Rhine-Westphalia, Rhineland-Palatinate and Lower Saxony and reached a set of agreements on small and medium-sized cooperation projects, thus opening up new ways for economic cooperation between the two countries.

With the development of economic cooperation between the two countries, the number of Chinese scholars and students taking refresher courses or making scientific researches or exchanging experience has now increased sharply to more than 1,000. Meanwhile, Federal Germany also sent 80 students to China to study. In addition, 60 universities and colleges of the two countries have established ties for academic exchange and cooperation. Federal Germany has also set up several training centers in China to help it train technical personnel.

At the same time, cultural exchange has also increased steadily. Since the cultural agreement was reached in 1979, the two countries have averagely exchanged more than 30 cultural delegations, including exhibition and theatrical groups every year, and the number of non-governmental exchange is much bigger. The print, oil printing, and stamp exhibitions held by Federal Germany in China helped many Chinese appreciate the exquisite art of Federal Germany. The performances given by the Stuttgart ballet troupe and the National Theatre Mannheim in China left an even deeper impression on the Chinese audience.

To the Federal German People, both traditional and modern Chinese arts and culture are no longer unfamiliar. In 1980, China's treasure exhibition held here attracted half a million visitors and was highly praised by the public. The performances of Chinese acrobatics, Beijing Opera, puppet show and the drama, "Tea House" were all well received here. China's Shanghai puppet show troupe toured Federal Germany for 78 days, traveling 1,300 kilometers and giving 54 performances in 34 cities. A German friend said that the puppet show troupe has sown the seeds of China's friendship and culture all over Federal Germany.

During his visit to China two years ago, former Federal German President Karl Carstens said that as China was an important partner of Federal Germany and the relations between the two countries had a long history, their (?contacts for) mutual understanding would become closer. The developments in the past two years have verified Carstens' estimations. One is convinced that the relations between China and Federal Germany will be further strengthened by Chancellor Kohl's China trip.

PLANNING SYSTEM TO UNDERGO 'MAJOR REFORM'

HK090302 Beijing CHINA DAILY in English 9 Oct 84 p 1

[Excerpt] China's centralized planning system will undergo a major reform starting next year.

More than half of the products for which output targets are now set will switch to more general production guidelines or will be left to market forces.

Enterprises which remain under centralized State planning but fail to meet their targets are to be fined and will suffer a reduction in supply of raw materials and energy during the following year.

These measures, part of a package of major reforms aimed at invigorating the economy, were announced by the State Planning Commission at the weekend. A report was carried in Saturday's ECONOMIC DAILY.

Industrial products under centralized state planning will be reduced from 120 to 60 and agricultural and sideline products from 29 to 10.

The freed enterprises will set production according to general guidelines or market demand instead of State quotas as at present.

Industrial products for which the state will still set output include coal oil, oil products, rolled steel, non-ferrous metals, timber, cement, electricity, basic raw materials for the chemical industry, chemical fertilizer, important machinery and electrical equipment, synthetic fibres, cigarettes and cigars, and munitions.

Another measure announced is that ministries, provinces, autonomous regions and municipalities may set quotas for items not included in the State plan but these should be limited to only a few important goods.

Products under centralized State planning will be sold at prices fixed by the State. Once, however, an enterprise has fulfilled its output quota, it will be allowed to sell any surplus at flexible prices.

In transport, the State will set targets for the amount of important materials, such as coal, to be carried by rail and or on waterways. It will also set targets for the volume to be handled by major coastal ports.

In agriculture, the State will set quotas for such things as cereals, cotton, edible oil, tobacco, jute, pigs and some aquatic products. The State will sign contracts with farmers for the purchase of such produce. Any surplus can be sold at a floating price.

'EXCERPTS' OF HONGQI ARTICLE ON FOREIGN POLICY

HK090540 Beijing CHINA DAILY in English 9 Oct 84 p 4

["Excerpts" of article by Zhong Ji published in HONGQI No 19 reviewing the PRC's foreign policy over the past 35 years]

[Text] In the years immediately after the founding of the People's Republic, the primary task of China's foreign policy was to consolidate the independence of the newly-born country and to lay a foundation for realizing peaceful co-existence with other countries the world over.



Soon after the birth of New China, the United States threatened our security from Korea, Taiwan and Indo-China. The Chinese People's Volunteers, together with the Korean People's Army, pushed U.S. forces, which had encroached on its borders, from the Yalu River back to the 38th parallel and forced the United States to sign a ceasefire agreement.

We also strongly supported the three countries of Indo-China in their struggle for independence. By attending the 1954 Geneva Conference on Indo-China, New China for the first time appeared on the world stage as one of the five major nations.

Also in those early years, under the historical conditions then prevailing, China signed a treaty of Friendship, Alliance and Mutual Assistance with the Soviet Union, and established close relations with other socialist countries.

We still value the support and aid the Soviet Union gave us at the time. But even then, we stressed that we must not be dependent on or follow blindly the Soviet Union; we must follow our own path.

To consolidate our independence, we paid special attention to establishing friendly relations with neighboring countries.

At the end of 1953, when receiving an Indian delegation, Premier Zhou Enlai put forward five basic principles for relations between the two countries. They are: mutual respect for territorial integrity and sovereignty, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful co-existence.

#### Soviet Pressure

Salient features of China's foreign policy from the late 1950s to the late 1960s were to hold out firmly against the pressure of the two superpowers and to stress the unity and co-operation between the Chinese people and the people of oppressed countries.

Starting in the late 1950s, because of the Soviet Union's chauvinistic attitude towards China, Sino-Soviet relations worsened. When China refused Soviet demands detrimental to China's sovereignty, the Soviet Union adopted a series of high-handed measures, which developed in the late 1960s into border conflicts and Soviet military threats.

During the same period, China stressed support for all nations struggling for national independence.

China furthered friendly relations with Third World countries that had already gained independence. In the early 1960s, we signed border treaties or agreements with Burma, Nepal, Mongolia, Pakistan and Afghanistan. Unfortunately, border incidents occurred between India and China. China exercised extreme restraint.

At the end of 1963 and the beginning of 1964, Premier Zhou visited 13 Afro-Asian countries and declared China's support for their struggle to gain and maintain their independence. The premier also said that China did not regard its aid as one-sided but mutual, and declared that such aid was unconditional and without any special privileges attached.

During the 1970s, the international situation changed. The balance between the two superpowers tipped towards the Soviet Union. The Soviet Union not only strengthened its military deployment in the Sino-Soviet and Sino-Mongolian border areas, it also supported the Vietnamese invasion of Kampuchea and sent troops to occupy Afghanistan.

In the face of a global Soviet threat, the United States finally changed its policy toward China. President Richard Nixon visited China in early 1972.

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CHINA  
PRC NATIONAL AFFAIRS

## U.S. Policy

In the 1972 Shanghai Communiqué, the U.S. side declared: The United States acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China. The United States Government does not challenge that position.

This marked the complete failure of America's long attempt to isolate China from international affairs. In October 1971, China's seat in the United Nations was restored. By the end of the 1970s, 120 countries had established diplomatic relations with China.

In the 1980s, the international situation has become more tense and turbulent. Confrontation between the two superpowers has intensified. At present the position is one of stalemate.

In China, the emphasis of work has been shifted to striving for the early realization of the four modernizations. More than ever before we need beneficial external conditions for the peaceful construction of our country.

Diplomatically, we act more independently than ever. We do not submit to pressure from any of the major powers, nor shall we ally with any of them.

We maintain more firmly than ever our policy of anti-hegemonism and safeguarding world peace, and we participate with the international community in the struggle for disarmament. We hope the superpowers will stop deploying new missiles and resume nuclear talks.

We have further strengthened our relations with the Third World countries. While cementing our friendship with Korea, Romania and Yugoslavia, we have also improved relations with some other socialist countries. Our relations with some developed capitalist countries, such as Japan, Western European countries, Canada, Australia and New Zealand have rapidly developed.

Although we are against their hegemonism, we are not against improvement of relations with the Soviet Union and the United States. We hope obstacles in regard to the Taiwan question can be eliminated so that Sino-American relations can undergo steady and prolonged development. Recently, Sino-Soviet economic and cultural exchanges have made new progress.

In the 1980s, we are paying greater attention to economic and technical co-operation with foreign countries. We are determined to implement our policy of opening wider to the outside world, and aim at speeding up our modernization programme through importing foreign capital and technology, and by expanding foreign trade.

Last month, China and Britain reached agreement on the resumption of Chinese exercise of sovereignty over Hong Kong in 1997. This again reflects China's determination to maintain its territorial integrity and sovereignty.

The three major tasks facing the Chinese people in the 1980s are: speeding up socialist modernization, combating hegemonism to safeguard world peace, and the struggle to unify our great motherland.

## NATIONAL DAY MILITARY EVENTS HEIGHTEN MORALE

OW070537 Beijing XINHUA Domestic Service in Chinese 1427 GMT 4 Oct 84

[Excerpt] Beijing, 4 Oct (XINHUA) -- According to a XINHUA reporter's report, the grand military review and the brilliant mass parade celebrating the 35th anniversary of the PRC's founding boosted the confidence and strength of officers and men of the PLA's three services.

The commanders and fighters felt the grand National Day celebrations demonstrated the vitality of the Chinese Army and people to forge ahead, as well as their revolutionary and pioneering spirit, and greatly enhanced the power of the country and its Army, giving us tremendous encouragement.

Standing at the Tiananmen Square reviewing stand, representatives from all units throughout the Army watched the inspected troops filing past in waves. Many of them had reviewed many National Day ceremonies in the past. Recalling the past and comparing it with the present, they felt particularly excited. Zhao Paotong, first-class hero of the Air Force, said: Participating in such a grand celebration ceremony makes one feel cheerful and inspires one to move ahead. The military review revealed our Army's new achievements in revolutionization, modernization, and regularization, while the mass parade showed the excellent situation in industry, agriculture, science, culture, education, sports, and on other fronts. The achievements should be attributed to the wise leadership of the CPC Central Committee and the correct principles and policies adopted since the 3d Plenary Session of the 11th CPC Central Committee.

Cai E, "first-class combat hero in east China" and divisional commander of Fuzhou Military District who attended the Tiananmen military review celebrating the 10th anniversary of the PRC's founding, said: Not too many Chinese-made advanced weapons and armaments were displayed, but this time all the modern weapons and armaments were made by China. Military review is a great inspection of the People's Armed Forces. It shows our Army has developed from a single ground force into a powerful composite Army consisting of various services, and a new generation of commanders and fighters capable of mastering modern equipment is rapidly growing. This fully demonstrates our Army's great achievements in revolutionization, modernization, and regularization since the 3d Plenary Session of the 11th CPC Central Committee, particularly since Comrade Deng Xiaoping took charge of the Central Military Commission.

#### Beijing Radio Commentary

OW051105 Beijing Domestic Service in Mandarin 1200 GMT 30 Sep 84

[Station commentary: "Revitalize China, Long Live the Motherland"]

[Text] The 35th anniversary of the founding of the PRC has come. Amid clusters of colorful banners and flowers, the people of all nationalities in the country, keeping in tune with the song of modernization, are cheering in unison in celebration of the occasion.

What a sharp contrast when you compare the present with the past. The old China 35 years ago lived in the abyss of dark rule, its economy had been exhausted, and the people were poverty-stricken, and suffered from untold frustrations and humiliations. To save the nation, innumerable persons with lofty ideals shed their blood and gave up their lives and, under the CPC's leadership, finally ushered in the birth of new China.

Pressing forward in giant strides and overcoming hardships and difficulties over the past 35 years since its founding, the PRC has advanced by leaps and bounds and has caught worldwide attention. Our dear motherland has risen up from the humiliations it suffered in the past century, regenerated its vitality, and proudly placed itself among the nations in the world.

The magnificent achievements scored by New China over the past 35 years have proved once again the extraordinary aspirations and creativeness of the Chinese people, the greatness of our party, and the powerful vigor of the socialist system.



Looking forward to the future, the period under review is but a prelude to a great era. A spectacular upsurge of revitalizing the Chinese nation and building China into a powerful, modern, and socialist country is yet to come.

As for the task put on our shoulders in this great era is, Comrade Deng Xiaoping said, "The most fundamental task in the socialist period is to develop the productive forces." We say that socialism is superior to capitalism; we mean to say that the socialist productive forces are capable of growing bigger and developing faster than the capitalist productive forces. We can fully prove the superiority of socialism only by developing our productive forces.

The common burning desire and fighting goal of people of all nationalities in the country is to bring prosperity to the masses and to revitalize the nation. The CPC Central Committee's correct leadership has paved for us the road of progress and the 3d Plenary Session of the 11th CPC Central Committee adopted the policy of enlivening the domestic economy and opening the country to the outside world. The progress we made has been faster than expected. The reforms carried out in our rural areas have enabled our 800 million peasants to demonstrate their abilities and start something big. As a result, more agricultural products have become available and the livelihood of the people has improved. People through the country rejoice at these achievements.

Economic reform has spread from the countryside to the urban centers. The imminent 3d Plenary Session of the 12th CPC Central Committee will accelerate the pace of reform in all fields of work in the country. The socialist productive forces will once again advance by leaps and bounds and the goal of quadrupling the annual value of the country's total agricultural and industrial output by the turn of the century will certainly be achieved. We are building socialism with Chinese characteristics, working hard for the cause of peace, and making China prosperous, strong, and unified. Our 1 billion people are advancing shoulder to shoulder, and are irresistible like the rapid tide of a mighty river.

How will China be on its 40th or 50th National Day, and in the 21st century and onward? It will certainly be more prosperous, stronger, and still more magnificent. We have great hopes and a bright future.

Compatriots, let us work harder!

Long live our great motherland!

#### DENG SIGNS ORDER PROMULGATING NEW PLA RULES

Beijing XINHUA Domestic Service in Chinese 0756 GMT 6 Oct 84

[Text] Beijing, 6 Oct (XINHUA) -- The PRC Central Military Commission recently promulgated "The Chinese People's Liberation Army Interior Service Regulations" and distributed them among all PLA units.

An order issued by the Central Military Commission and signed by its chairman, Deng Xiaoping, on 6 September says: "The Chinese People's Liberation Army Interior Service Regulations" provide the basis for the whole Army to establish and maintain sound internal and external relations and a regular interior service system, perform its duties well, conduct management effectively, and foster a fine work style. The authority to interpret and revise these regulations belongs to the Central Military Commission of the PRC. When these new regulations are published, "The Chinese People's Liberation Army Interior Service Decree" promulgated on 25 November 1975 and the "Some Regulations on the Management and Education Work of Company-Level Units" are then rescinded.

The newly-published "Chinese People's Liberation Army Interior Service Regulations" have 163 articles divided into 16 chapters containing 7 appendixes. They spell out in explicit terms servicemen's duties, interior relations, etiquette, physical appearance, discipline, training, study, and rest as well as Army daily routine, urgent combat readiness, and emergency procedures. This set of new regulations says: The stipulations contained herein regarding servicemen's duties, Army interior relations, and the daily routine and management procedures concretely embody the purpose of this Army and the principles of Army building. They provide the basis for administrative management and spell out the norms of Army life. Our Army's interior service system and daily life must adhere to the general principles of Army building in the new period. Efforts should be made to improve our Army's combat capability under modern warfare conditions and instill communist ideals and faith into all the servicemen so that they will persistently adhere to the socialist road, the people's democratic dictatorship, Communist Party leadership, and Marxism-Leninism-Mao Zedong Thought. More vigorous efforts are needed to foster sound socialist moral quality, firmly resist corrosion by the decadent ideology and style of the bourgeoisie and other exploiting classes, enhance our consciousness in upholding national laws and observing military discipline, and train our soldiers into revolutionary servicemen who have ideals, morality, education, and who observe discipline. Political work is the lifeblood of our Army. Political work is an important factor in uniting our people and defeating the enemy. It is the fundamental guarantee for success in all other work. Our Army's interior service and any effort to improve this service must firmly follow the glorious tradition of unity between officers and men and unity between the Army and civilians, firmly adhere to the mass line and carry out meticulous ideological work so that our Army will remain in a situation in which it is united, alert, earnest, and lively. While inheriting and developing our fine tradition, our Army's administrative management work must meet the requirements of the Army's modernization and regularization process. On the basis of inheriting and carrying forward our fine tradition and style, further efforts should be made to foster a style of fighting -- courage, staunchness, promptness, punctuality, and cooperation in battle.

The PLA General Staff and General Political Department have issued a joint circular urging the entire Army to conscientiously study these new regulations.

JTEFANGJUN BAO today printed the text of the Central Military Commission's order and the new "Chinese People's Liberation Army Interior Service Regulations" and, in an accompanying editorial entitled "The Guiding Rules of Army Life," called on commanders and fighters throughout the Army to adhere to the requirements spelled out in these new regulations and step up their efforts to revolutionize, modernize, and regularize our Army.

#### ZHAO DISCUSSES ECONOMIC RESTRUCTURING, REFORM

OW021042 Beijing XINHUA Domestic Service in Chinese 1206 GMT 29 Sep 84

[Text] Beijing, 29 Sep (XINHUA) -- State Council Premier Zhao Ziyang said: The reform in China's rural and urban areas and in the scientific and technological and educational fields should give expression to two characteristics of Chinese socialism -- namely, all enterprises and organizations should be full of vigor and vitality, and people's talent should be brought into full play.

These are the starting point and the objective of our reform. He said: China's continuing restructuring is assured of success as shown by practice.

Premier Zhao Ziyang made this remark at a meeting this morning at the Great Hall of the People with more than 90 foreign scholars and experts of Chinese origin who have come to attend celebrations of the 35th anniversary of the founding of the country. Present at the meeting were also Wan Li, Yao Yilin, Fang Yi, Zhang Jingfu, and other leaders.

Zhao Ziyang said: The 3d Plenary Session of the 12th CPC Central Committee, scheduled for next month, will adopt a document of China's economic restructuring, which will reflect the blueprint of China's economic reforms. This historic document will give great impetus to the Chinese economy.

On the current national construction, Zhao Ziyang said: The problem facing us is a shortage of qualified personnel rather than that of funds. He said: Outstanding problems in the scientific and technological field concern, first, policies on science and technology and technological system. The key to the former lies in implementing policies, because the problem of leadership has been basically solved. However, we are still in the process of seeking ways to reform the scientific and technological system. Once those two problems are solved, a large crop of talents will come forth.

Zhao Ziyang listed three conditions for China to become strong and prosperous.

First is to rely on the efforts of the Chinese people. The Chinese are brave, hard-working conscientious people with discipline. They have exerted great efforts toward national construction in the past 35 years and will continue to do so from now on.

Second is to rely on correct leadership, that is, correct policies, of the party and the government. Although we have made quite a few mistakes in the past 35 years, our basic orientation and policies have always been correct, otherwise it would have been impossible to score such great achievements in the past 35 years. The most important thing is that we have both positive experiences and negative lessons. In our approach to problems, we always proceed from peace, improvement of people's living standards, and a flourishing China. We adopt all policies that conform to those requirements and abandon all that do not. We are not bound by any mode, convention, or rule. Herein lies the great significance of the policy of emancipating the mind and seeking truth from facts, which was put forth by the 3d Plenary Session of the 11th CPC Central Committee. For that reason, policies formulated since the convening of the 3d Plenary Session of the 11th CPC Central Committee have received popular support and achieved good results. Some people worry about whether current policies will continue. That should be decided on the basis of whether or not a policy is correct. The criterion for judging the correctness of a policy is to see if it helps promote the development of productive forces. From now on, we will encounter fewer setbacks. However, without the setbacks we have encountered over the past 35 years, it would have been impossible to achieve understanding today. A wise person should be able to sum up experience in good time and learn lessons from it.

Third is to strive for a durable peaceful international environment. China pursues an independent peaceful foreign policy. We shall work to safeguard world peace together with all peace-loving countries and people.



Zhao Ziyang extended a warm welcome to the foreign scholars and experts of Chinese origin and praised their contribution to the cause of reinvigorating China and reunifying the motherland. He said: All who are present today are either old friends or new acquaintances. Although each has a different nationality and different accent from his native place, we are all descendants of the Yan and the Huang emperors and share the same roots. All cherish the memory of their native places and share the common wish that this country with an ancient civilization will prosper. Because of this common wish, you have traveled across the oceans and gathered in Beijing from all areas. He asked the scholars and experts for their suggestions and opinions on China's scientific and technological system reforms as well as on the training of qualified personnel.

#### PLA MILITARY INSTITUTE DEVELOPMENT VIEWED

OW081316 Beijing Domestic Service in Mandarin 2335 GMT 4 Oct 84

[From the "People's Soldiers" program: "Our Bastion of Iron"]

[Excerpts] Since its establishment on 15 January 1951, the Chinese PLA Military Institute has, in the past 34 years or so, trained and brought up more than 29,000 middle- and high-ranking military commanding officers as part of its efforts to promote our Army's revolutionization, regularization, and modernization.

Many of its graduates from the 1950's have become pillars of the state and the Army. Among them are Yang Dezhi, Yang Yong Gan Siqi, Zhang Zhen, Qin Jiwei, and quite a few other famous generals. Since its rehabilitation, the Chinese PLA Military Institute has supplied large numbers of outstanding commanders of the younger generation to leading bodies at various levels throughout the People's Army. Statistics compiled by a number of military regions indicate that 37 percent of the comrades taken into new leading bodies have pursued advanced studies at the military institute and that most young division commanders and corps commanders are graduates of the institute. The PLA Military Institute is worthy of the name of a commanding-general training base.

Comrade Liu Bocheng, the first commandant and concurrently political commissar of the institute, a man of great foresight and sagacity, pointed out that the task of the PLA Military Institute is to train and bring up commanders who are capable of organizing and directing contingents of modern service branches to fight battles by coordinating themselves well in military campaigns. In the course of study, the cadets must familiarize themselves with this era of jet-propelled and nuclear weaponry. On no account should they confine their thinking to the idea of millet plus rifles.

In 1977, after the downfall of Lin Biao and the gang of four, Comrade Deng Xiaoping took a broad, long-term view and called for efforts to solve the problem of cadre-contingent replenishment by running military schools and institutions. In these places, the trainees and cadets should conscientiously become knowledgeable about modern warfare and familiarize themselves with joint operations of various service branches. After it was rehabilitated in 1978, the military institution ushered in another spring of the PLA's modernization and regularization. Comrade Xiao Ke, a battle-tested veteran Army general, was appointed commandant and concurrently political commissar of the institute.

In the course of study, the institute tries its best to introduce the world's modern scientific and cultural achievements and the fresh experiences gained from modern military campaigns. Its faculty members and cadets lost no time in studying the Malvinas invasion and the four Mideast wars at the end of each of these campaigns.

They went to the counterattacking Vietnam for self-defense front to sum up experience gained from the war and upgrade their instruction material.

During the heyday of Lin Biao and the gang of four, proletarian revolutionaries of the older generation, although keeping mum while in obscurity, still indicated their concern for the military institute. Comrade Ye Jianying supported the institute's party committee in adopting an ingenious tactic to struggle against the gang of four. After the downfall of this gang, Comrade Deng Xiaoping, although not yet reinstated, gave valuable instructions on how to run the military institute well.

Right after the institute was rehabilitated, Marshals Ye Jianying, Nie Rongzhen and Xu Xiangqian made a number of suggestions on how to improve the institute and gave guidelines on this matter. It was under their meticulous concern that the military institute has grown and developed as it is today.

#### ZHANG AIPING ON ADVANCED WEAPONRY DEVELOPMENT

OW071955 Beijing XINHUA Domestic Service in Chinese 1740 GMT 6 Oct 84

[By reporter Xu Zhimin]

[Text] Beijing, 6 Oct (XINHUA) -- Zhang Aiping, deputy secretary general of the Central Military Commission and minister of national defense, and leading comrades of the All-China Federation of Trade Unions, the Commission for Science, Technology, and Industry for National Defense, and some industrial departments, called at the guest-house here this evening to visit the comrades working at various scientific, technological, and industrial departments or national defense. The comrades had attended the National Day celebrations and had provided technical services for the equipment inspected at the military review. Zhang Aiping urged them to continue to work hard, give full scope to their wisdom and intelligence, and develop technologically advanced weaponry of good quality with distinctive Chinese characteristics.

Zhang Aiping said: The weaponry developed and manufactured by our own country, which was reviewed by the party and the people at Tiananmen Square during the National Day celebrations, showed to the whole world that the Chinese people, led by the Chinese Communist Party, are fully capable of developing their weaponry independently. On behalf of the State Council, the Central Military Commission, and workers, as well as of the PLA commanders and fighters who have contributed to the modernization of the nation's defense. He also thanked all economic departments that energetically supported the development and production of conventional and strategic weapons.

Zhang Aiping urged all comrades working at scientific, technological, and industrial departments for national defense to carry forward the fine tradition of being willing to be unknown heroes. He urged them to continue to raise their scientific and technological standards, fully tap their potentials, and work hard together in order to develop technologically advanced weaponry of good quality with distinctive Chinese characteristics.

#### DENG, OTHER LEADERS AT PHYSICS LAB CEREMONY

OW071258 Beijing XINHUA in English 1243 GMT 7 Oct 84

[Text] Beijing October 7 (XINHUA) -- Construction of the Beijing electron-positron collider began here today. Attending the ground breaking ceremony this morning were party and state leaders Deng Xiaoping, Wan Li, Fang Yi, Yang Shangkun, Yu Qiuli, Hu Qiaomu, Hu Qili and Yan Jici.

Deng Xiaoping laid the first shovel of earth to the foundation stone. An inscription, "The National Laboratory of the Beijing Electron-Positron Collider, High Energy Physics Institute, Chinese Academy of Sciences", in Deng's handwriting, is engraved on the marble foundation stone.

The leaders watched the model of the project and listened to a report by project manager Xie Jialin. On learning that the whole project is expected to be completed in 1988, Deng Xiaoping heartily wished its successful completion as scheduled. They also visited the institute's proton linear accelerator, its control room and other facilities.

Deng Xiaoping met with the American physicist Dr Tsung-Dao Lee and scientists of the academy and had a photo taken with them.

The 2 x 2.2 GEV electron-positron collider is being built at the high energy accelerator research center of the academy's high energy physics institute in the western suburb of Beijing. Its four major parts include a linear accelerator 200 metres in length; a 240-meter-perimeter storage ring; a detector, four meters in diameter and in length, weighing 400 tons; and a synchrotron radiation laboratory. There will also be a computer center. The construction of the collider aims at promoting China's high energy research and experiment as well as the application of synchrotron radiations.

Lu Jiaxi, president of the Chinese Academy of Sciences, presided over today's ceremony. Also present on the occasion were Dr George Keyworth, science adviser to the U.S. president and co-chairman of the Sino-U.S. Joint Commission on Scientific and Technological Cooperation, U.S. Ambassador to China Arthur W. Hummel, and other American scientists in Beijing attending the fifth meeting of the Sino-U.S. Joint Committee on High Energy Physics.

#### LEADERS ATTEND CITIC RECEPTION, SYMPOSIUM

OW071045 Beijing Domestic Service in Mandarin 2230 GMT 4 Oct 84

[Text] The China International Trust and Investment Corporation [CITIC] gave a reception at the Great Hall of the People last night to mark the fifth anniversary of its founding. Hu Yaobang, Deng Xiaoping, Xi Zhongxun, Wang Zhen, Chen Muhua, Ji Pengfei, Zhang Jingfu, and other comrades wrote inscriptions to mark the fifth anniversary of the corporation's founding. Comrade Zhao Ziyang wrote a letter to congratulate Rong Yiren, chairman of the corporation's Board of Directors, on the occasion. Attending the reception were Wan Li, Xi Zhongxun, Wang Zhen, Yao Yilin, Chen Muhua, Gu Mu, Song Ping, and others.

Rong Yiren made a speech at the reception. Dwelling on the business operations of the corporation, he said: The State Council has recently approved the corporation's request to expand its foreign exchange business. It will now accept deposits and negotiate loans in foreign currencies, extend foreign currency loans to exporting enterprises, handle letters of credit for exporters, and issue bonds and stocks on behalf of customers.

Yao Yilin also delivered a speech at the reception. He hailed the corporation's achievements over the past 5 years in importing advanced technology and equipment and in attracting and utilizing foreign investments. He said: The Chinese Government has always supported CITIC.



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It is hoped the corporation will further strengthen its ties with foreign banks and industrialists and make still greater contributions to promoting China's modernization program.

Meanwhile, a symposium on China's economic cooperation with foreign countries sponsored by the China International Trust and Investment Corporation opened at the Great Hall of the People in Beijing. Attending the symposium on invitation were leading bankers and industrialists from 10 nations and Hong Kong and Macao, well-known specialists and scholars, and responsible persons of friendly organizations.

State Councillor Gu Mu delivered a speech at the symposium. He said: China regards the policy of opening to the outside world and of strengthening economic and technical cooperation with foreign countries as an unswerving long-term state policy. China is determined to use resources at home and abroad to open up domestic and foreign markets, to learn how to step up domestic construction and invigorate economic activities with foreign countries, and to develop social productive forces.

#### DENG XIAOPING INSPECTS BEIJING SUBWAY PROJECT

OW062022 Beijing XINHUA Domestic Service in Chinese 1718 GMT 5 Oct 84

[By reporter Gu Wenfu]

[Text] Beijing, 5 Oct (XINHUA) -- Comrade Deng Xiaoping inspected the second-phase project of the Beijing subway and the Sanyuan overpass here this evening. The 16.1-kilometer second-phase Beijing subway project begins at Fuxingmen and ends at Jianguomen. It has been open to traffic since 19 September. Comrade Deng Xiaoping inspected the first phase of the Beijing subway project in June 1974. Comrade Deng Xiaoping boarded a subway train at the Fuxingmen station at 2100 and arrived at the Yonghegong station via the Fuchengmen, Chegongzhuang, Xizhimen, Jishuitan, Gulou, and Andingmen stations. At Yonghegong, he boarded another train for the Jianguomen station.

While aboard the train, Comrade Deng Xiaoping was briefed by Chen Xitong, mayor of Beijing, and Feng Shuangsheng, manager of the Beijing subway company. They briefed him on the construction of the second-phase project and on the subway's operation. Comrade Deng Xiaoping was in high spirits during the 45-minute trip and visited the driver's cabins. At 2200, Comrade Deng Xiaoping arrived at the Sanyuan overpass by car. It was a little bit chilly in the October evening in Beijing. The 80-year-old Comrade Deng Xiaoping wore Zhongshan dress and stood on the overpass for 10 minutes.

Mayor Chen Xitong told Comrade Deng Xiaoping that the Sanyuan overpass has three overhead bridges and that the site was previously called Niuwangmiao. However, the mayor said, most people felt it would be better call the place Sanyuan, so the construction is now known as the Sanyuan overpass. Comrade Deng Xiaoping smiled after hearing the story.

Accompanying Comrade Deng Xiaoping on the inspection tour were Wang Zhaoguo, director of the General Office of the CPC Central Committee, and Li Ximing, secretary of the Beijing Municipal CPC Committee.

#### WAN LI, NI ZHIFU VISIT TECHNICAL EXHIBIT

OW081430 Beijing XINHUA Domestic Service in Chinese 0920 GMT 8 Oct 84

[By Reporter Wu Jincai]

[Text] Beijing, 8 Oct (XINHUA) -- An exhibition of technical innovation and cooperation accomplished by workers from 17 cities across the country begins in Beijing today.

Vice Premier Wan Li cut the ribbon for the exhibition. Ni Zhifu, chairman of the All-China Federation of Trade Unions, addressed its opening ceremony.

A total of 2,350 items contributed by over 1,500 enterprises are on display. Of these items, 11.5 percent have reached international standards, and 41 percent have reached advanced national standards.

Wan Li, Ni Zhifu, Hao Jianxiu, Zhifu, Zhu Xuefan, Lu Dong, Yuan Baohua and leading comrades of the All-China Federation of Trade Unions, also met with the relevant leading members of the 17 cities that are taking part in the exhibition. They also examined the exhibited items with keen interest.

Comrade Ni Zhifu said in his speech: This exhibition is the Chinese working class' gift to the 35th anniversary of the founding of the Republic, representing their actual deeds in expediting technical progress. The exhibition also serves as a review of the workers' achievements in technical innovation and cooperation since the 3d Plenary Session of the 11th CPC Central Committee. It fully demonstrates the Chinese working class' great creativity and their communist spirit of cooperation. Ni Zhifu urged workers across the country to further heighten their political consciousness and scientific proficiency and educational level, and make new contributions to the restructuring of economic system in cities, to the technical transformation of enterprises, and to the realization of the party's general tasks and objectives.

The exhibition is cosponsored by the All-China Federation of Trade Unions and the State Economic Commission. It will be closed on 22 October.

#### WAN LI MEETS WITH MODEL TEXTILE WORKERS

OW070212 Beijing XINHUA/ Domestic Service in Chinese 1603 GMT 5 Oct 94

[Text] Beijing, 5 Oct (XINHUA) When meeting on 5 October with model textile workers who came to Beijing to attend the National Day celebrations, Vice Premier of the State Council Wan Li said: Our country's textile industry must keep up with the advanced international level. It is necessary for the country's textile industry to improve its quality, increase the variety of designs and colors, and satisfy the various needs of the people so that men and women, and the old and the young of the country can be more smartly dressed.

Wan Li hoped that the country's 5 million textile workers could use their brains, carry out reforms boldly, improve techniques, and meet new challenges in the international market. Wan Li said: Our country's textile production is number 1 in the world, but there is room for improvement and development in quality, design, color, and variety. Our textile industry must emulate the strong points of foreign countries so as to win more gold and silver medals in international competitions.

Hao Jianxiu, alternate member of the Secretariat of the CPC Central Committee; Lu Dong, chairman of the State Economic Commission; Wu Wenying, minister of textiles; and Zhang Ruiying, vice president of the All-China Federation of Trade Unions, were also present. Comrades Wan Li, Hao Jianxiu, and others also posed for pictures with the 23 model textile workers from all parts of the country.

DENG LIQUN, ZHANG AIPING VISIT BEIJING ART SHOW

OW072220 Beijing XINHUA Domestic Service in Chinese 1437 GMT 7 Oct 84

[By reporters Hu Shihong and Zu Zhimin]

[Excerpts] Beijing, 7 Oct (XINHUA) -- Deng Liqun, secretary of the CPC Central Committee secretariat and director of the CPC Central Committee Propaganda Department, viewed the second Shenjian painting, photographic, and calligraphic exhibition this afternoon. He praised the national defense scientific and technological industrial front for paying attention to building spiritual civilization while grasping material civilization. He also praised the front for building a large amateur literature and arts contingent.

Deng Liqun carefully viewed the over 500 painting, photographic, and calligraphic pieces with much interest. He praised the exhibits' artistic quality. He said: Coming from the first line, the amateur artists have actual experience in and feelings about what grief is, what happiness is, and what deserves praise. They can therefore reflect life more truthfully and imbue their creative work with touching feelings and a rich flavor of life.

Deng Liqun encouraged comrades undertaking artistic creation to further strive for higher artistic attainment. He said: The leading organs must provide the necessary conditions for them and must organize them to improve their work. They must invite some experts to give lectures, organize them to study creative works by their fore-runners to enrich their creative experience and improve their artistic creativity.

Nearly 80,000 people have visited and warmly praised the second Shenjiang painting, photographic, and calligraphic exhibition since it opened at the China Arts Gallery on 21 September. Zhang Aiping, deputy secretary general of the Central Military Commission; Yang Chengwu and Chen Zaidao, vice chairman of the CPPCC National Committee; as well as noted figures of painting, photographic, and calligraphic circles Wu Zuoren, Huang Zhou, and Xu Xiaobing also visited the exhibition.

ZHANG AIPING MEETS WITH OVERSEAS CHINESE

OW061609 Beijing XINHUA in English 1212 GMT 6 Oct 84

[Text] Beijing, October 6 (XINHUA) -- Zhang Aiping, state councillor and minister of national defense, met and had a cordial conversation here this afternoon with Tsai Wen-Tchih and his wife Wu Pei Chi. Present was Zhang Zhen, deputy chief of general staff of the Chinese People's Liberation Army, and Li Youlan, wife of Zhang Aiping.

Tsai Wen-Tchih and his wife came to attend the celebrations of the 35th anniversary of the founding of the People's Republic of China.

NIE RONGZHEN GREET'S NUCLEAR FACILITY ANNIVERSARY

OW051036 Beijing XINHUA Domestic Service in Chinese 0811 GMT 5 Oct 84

[Text] Beijing, 5 Oct (XINHUA) -- This year 16 October is the 25th anniversary of the establishment of China's nuclear testing base. It is also the 20th anniversary of China's first successful atomic bomb test. In this connection, Nie Rongzhen, vice chairman of the Central Military Commission, recently wrote a congratulatory letter to the comrades of the nuclear testing base.



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Nie Rongzhen said in the letter: "This is indeed a grand occasion of double celebrations! Like you, I am celebrating this happy day of historical significance with delight and excitement.

"Owing to your diligent efforts in the past 25 years, the base has been built into a modern comprehensive nuclear testing ground. A large number of outstanding scientific and technical personnel and a command organization and contingent of logistics personnel capable of meeting the needs of continuous development in nuclear tests have been trained, thereby making important contributions to developing strategic nuclear weapons for our country.

"As I said in my congratulatory letter on the 20th founding anniversary of the base research institute last year, comrades from the base have been able to score brilliant achievements under fairly difficult working and living conditions in the remote Gobi Desert mainly because you comrades have served the modernization of our country's national defense with utter devotion. Your noble character has set a good example for hundreds of millions of comrades, teaching them that a genuine revolutionary and people's hero should have the image of keeping the interests of both the country and the world in mind, valuing the revolutionary cause above anything else, regarding hardship as an honor, dedicating one's youth to the magnificent cause of the people, and giving no thought to personal gains or losses. The construction of the base, the building of national defense, and the reinvigoration of the Chinese nation need such noble character. A number of advanced units and individuals that have emerged on the base, such as the 'model meteorological post of Yangpingli' and 'Qian Shaojun, model of national defense science and technology,' are precisely the embodiment of such spirit. I hope that this spirit will continue to be carried forward and used in creating a new situation in the construction of the base and winning victories in building the base."

#### QIN JIWEI ATTENDS TECHNOLOGY REVOLUTION LECTURES

OW070149 Beijing XINHUA Domestic Service in Chinese 0832 GMT 5 Oct 84

[Excerpts] Beijing, 5 Oct (XINHUA) -- Lectures on knowledge of the new technological revolution for cadres at and above the department and bureau director levels of central organs ended in Beijing today.

Wang Zhaohua, deputy director of the CPC Central Committee's Organization Department, summed up the 6-month lectures today. He said: The lectures have had a widespread welcome. They will give impetus to popularizing the knowledge of the new technological revolution and reforms in various fields. He said: In light of the development of the new technological revolution in the world and the needs of China's modernization drive, the Central Organization Department, Ministry of Labor and Personnel, and four other ministries and commissions will continue lectures in order to offer the masses a better opportunity to study.

Attending the lectures today were Comrades Qin Jiwei, Feng Wenbin, and Song Yiping.

#### YANG SHANGKUN, YU QIULI ON PARTY RECTIFICATION

OW082342 Beijing XINHUA Domestic Service in Chinese 0802 GMT 8 Oct 84

[Text] Beijing, 8 Oct (XINHUA) -- According to a JIEFANGJUN BAO report, leading comrades of the Central Military Commission stressed that the phase of rectification and correction is an important one which ensures no perfunctoriness in party rectification when speaking at a meeting on the afternoon of 6 October attended by responsible liaison men for Army units involved in first-stage party rectification.

They said it is imperative to insist on meeting high standards and doing quality work in fulfilling the task of rectification and correction; to further straighten the guiding thought for work in various fields; to resolve problems regarding ideology, work style, and organization that exist within the party; to raise party members' political and ideological level; and to improve the style of leadership in order to make new advances and bring a new look to the work.

The main task of the responsible liaison men's meeting was to understand and examine the work of rectification and correction done thus far by the units involved in the first-stage party rectification and to study how to further improve this work. The meeting also discussed the work to be done during the phase of organizational measures and registration of party members.

Yang Shangkun, permanent vice chairman of the Military Commission, emphasized four questions in his speech: 1) It is imperative to keep to the correct guiding thought for party rectification at all times. This means we should persist in raising all party members' political and ideological level so they will be willing to take part in party rectification and to solve problems concerning ideology, work style, organization, and discipline on their own initiative. The work of rectification and correction is the integration between theory and practice. We must grasp this work firmly and must not relax our efforts and let it proceed perfunctorily. 2) In carrying out the work of rectification and correction, we must continue to uphold the principle of proper guidance, pay attention to the lines of demarcation in applying the policy, and avoid any "left" measures. We must let everyone know clearly that one of the objectives of party rectification is to strengthen the unity of the whole party. With regard to such problems as taking advantage of power to seek personal gain, it is necessary to distinguish between different cases by seeking truth from facts and to deal with them in different ways on their merits. 3) The work of rectification and correction is closely related to reform. If a reform can be made within one's function and power, it should be made immediately without delay. Major units may also take the initiative in carrying out reforms for the simplification of administration and adjustment of organization provided they do not affect the system of structure or other big changes. 4) Leading cadres should take the lead and play an exemplary role by their own conduct so as to take concrete action to push the work of rectification and correction.

Speaking at the meeting, Yu Qiuli, deputy secretary general of the Military Commission, called attention to the following 10 tasks in carrying out rectification and correction in the future: 1) fully understand the vital significance of rectification and correction; 2) further straighten the guiding thought for work in various fields; 3) seriously investigate and deal with grave cases of taking advantage of power to seek personal gain; 4) conscientiously overcome the style of bureaucracy; 5) further streamline the administrative structure; 6) strengthen the building of leading bodies; 7) strengthen ideological and political work; 8) strengthen organization work; 9) continue education in the total negation of the "Great Cultural Revolution"; 10) make serious efforts to improve the style of work.

#### MEASURES FOR REPLACING PROFIT DELIVERY WITH TAXES

OWO21100 Beijing XINHUA Domestic Service in Chinese 1552 GMT 20 Sep 84

[Text] Beijing, 20 Sep (XINHUA) -- Trial Measures for the Second Step in Replacing Delivery of Profits by State Enterprises With Payment of Taxes (formulated by the Ministry of Finance of the People's Republic of China and approved for promulgation by the State Council on 18 September 1984)

The measures are formulated in order to promote the reform of the economic system in cities; further activate the economy; adjust and improve the distribution of income between the state and enterprises; ensure a steady rise in state revenues; give enterprises a certain amount of financial resources and decisionmaking powers in their operations, management, and development; and whip up the enthusiasm of enterprises and their staffs and workers.

1. In the second step in replacing delivery of profits by state enterprises with payment of taxes, the current industrial and commercial taxes will be classified as product tax, value-added tax, salt tax, and business tax according to the nature of the tax payers. The income tax and regulatory tax levied in the first step will be improved. Resources tax, city maintenance and construction tax, housing property tax, land use tax, and vehicle and boat use tax will be added. State enterprises should act in accordance with the related tax regulations (draft) and the methods for levying tax promulgated by the State Council.

A. Product tax: State enterprises that produce items subject to product tax should calculate and pay product tax after selling such commodities. Starting 1 October 1984, income from selling cigarettes as a result of increased prices will also be subject to product tax. At the same time, the original subsidies for increased prices of tobacco and famous-brand cigarettes will be cancelled.

B. Value-added tax: State enterprises that produce items subject to value-added tax should calculate and pay value-added tax after selling such commodities. Payment of value-added tax may prevent dual taxation, promote the development of cooperation in specialized production, and meet the need of adjustment in the production structure. The list of items to be exempted in calculating value-added tax should follow the unified state regulations and must not be expanded or reduced at will.

C. Salt tax: State enterprises that produce, handle, or import salt should calculate and pay salt tax according to related regulations when they sell or import salt.

D. Business tax: State enterprises that deal with commercial work, the supply and marketing of commodities, transportation, construction and installation, financial and insurance work, postal and telecommunications work, public utilities, publishing work, recreational work, processing and repair, and other service industries should calculate and pay business tax after providing such services or obtaining business income.

Business tax for state commercial wholesale outlets will first be levied in the petroleum, metal, transportation and telecommunications, and chemical industries. Business tax for other state commercial wholesale outlets including materials, supply and marketing, medicine, cultural and educational work, and supply and marketing cooperatives at and above the county level will not be levied for the time being.

Business tax on income from contracts made by state construction and installation enterprises will not be levied for the time being.

E. Resources tax: State enterprises that produce crude oil, natural gas, coal, metals, and other minerals should calculate and pay resources tax according to related regulations after selling such taxable products. At present, a resources tax will be levied for crude oil, natural gas, and coal. No other resource tax will be levied for the time being.



Mining enterprises engaged in tapping resources (including small coal pits) that require state assistance in their development may receive special consideration in the form of a tax reduction.

F. City maintenance and construction tax: State enterprises that pay product, value-added, or business tax should calculate and pay city maintenance and construction tax according to related regulations.

G. Housing property tax: State enterprises that own housing property should calculate and pay housing property tax according to related regulations.

H. Land use tax: State enterprises that use land owned by the state should calculate and pay land use tax according to related regulations.

I. Vehicle-use and boat-use tax: State-run enterprises that own and operate vehicles and/or boats should calculate and pay vehicle-use and/or boat-use tax in accordance with regulations.

J. Income tax: Large- and medium-sized state-run enterprises that earn profits should calculate and pay income tax in accordance with the 55-percent fixed tax rate. Small-sized state-run enterprises that earn profits should calculate and pay income tax in accordance with the new eight-grade excess progressive tax rate.

K. Regulatory tax: After paying income tax, profit-making large- and medium-sized state-run enterprises should calculate and pay regulatory tax in accordance with the approved regulatory tax rate.

The above-mentioned city maintenance and construction tax, housing property tax, land-use tax, and vehicle- and boat-use tax -- which are reserved categories of taxes -- shall not be levied for the time being. Aside from this, state-run enterprises' slaughter tax, special oil-burning tax, agricultural (animal husbandry) tax, architectural tax, and cash-award tax shall still be levied in accordance with the original regulations.

2. In determining regulatory tax rates, the profit realized by an enterprise in 1983 should be regarded as the basic figures; this figure should be determined as being the profit of the basic period after increases or reductions are made as a result of adjustments due to changes in the rates of product tax, value-added tax, and business tax, as well as the levying of resources tax. The proportion of the profit made in the basic period to the same profit after deduction of income tax calculated at 55 percent and of rationally retained profit in 1983 shall be the approved regulatory tax rate.

In determining the regulatory tax rate for state-run cigarette enterprises, their 1983 profits plus their earnings from the increased prices of cigarettes, less the product tax they are supposed to pay for such earnings, the subsidies they received for the increased prices of tobacco, and the balance of subsidies for famous-brand cigarettes, shall be their profits made in the basic period.

In determining the regulatory tax rate for enterprises which are run in cooperation with other units, the portion of profit they received from, or gave to, cooperating units shall be added to, or deducted from, the amount to be determined as the profit made during the basic period.

No regulatory tax will be levied from those large- and medium-sized enterprises whose balance of basic-period profits is lower than their rationally retained profits in 1983 after deducting the 55-percent income tax. At the same time, the income tax of these enterprises will be reduced by a certain amount for a certain period of time provided reduction is approved.

The regulatory tax rate and the above-mentioned tax reduction for enterprises will be determined by the financial and tax departments and the departments in charge of enterprises. The financial and tax departments of the various provinces, autonomous regions, and of municipalities directly under the central government shall submit the regulatory tax rate and the reduction of income tax they have determined for enterprises to the Ministry of Finance for approval.

The regulatory tax for an enterprise's increment of its assessed profit made in the basic period shall be reduced by 70 percent in that year. This increment shall be calculated at a fixed proportion for a period of 7 years without change. The method of 70-percent reduction of regulatory tax does not apply to enterprises dealing with supplies, supply and marketing, financing and insurance.

The regulatory tax rates adopted will be enforced from 1985.

3. After paying income tax according to the new eight-grade progressive excess tax rate, small profit-making state-run enterprises generally assume sole responsibility for their profits and losses. The state will no longer provide them with funds. However, the state may levy from them a certain amount of contract fees [cheng bao fei 2110 0545 6316] if their after-tax profit is considerably large at the time the basic figure is determined. Specific methods shall be formulated by the People's Governments of provinces, autonomous regions, and municipalities directly under the central People's Government. Enterprises whose after-tax profit is below their 1983 rational profit-retention level may have a certain amount of income tax exempted for a certain period of time, provided approval is obtained.

In the three cities of Beijing, Tianjin, and Shanghai, enterprises whose original fixed-assets value is below 4 million yuan and whose annual profit is below 400,000 yuan are categorized as state-run small industrial and transportation enterprises when they meet both these requirements; in other areas, those enterprises whose original fixed-assets value is below 3 million yuan and whose annual profit is below 300,000 yuan are categorized as state-run small industrial and transport enterprises when they meet both those requirements (including urban public utilities enterprises, industrial enterprises run by commerce and grain departments, feed industry and warehousing and transportation enterprises.)

The following separate stores [zi ran men dian 5261 3544 7024 1648] of independent accounting status are categorized as small state-run commercial retail enterprises: In the three municipalities of Beijing, Tianjin, and Shanghai, those whose annual profit is below 200,000 yuan and whose personnel strength is below 60; in capitals of provinces and autonomous regions and Chongqing City, those whose annual profit is below 150,000 yuan and whose personnel strength is below 60; in other cities, those whose annual profit is below 80,000 yuan and whose personnel strength is below 30. To be categorized as small commercial retail enterprises, these profit requirements must be met. Whether or not the personnel strength requirement should be met at the same time is to be decided by the People's Governments of the provinces, autonomous regions, and the municipalities directly under the central People's Government.

The provincial, autonomous regional, and municipal people's governments may make some adjustments in the above-said requirements according to specific local conditions. Individual cities that regard it necessary to relax these two requirements must acquire the approval of the Ministry of Finance.

In other cities, the means of production service companies or retail stores under the supply department, coal industrial construction companies, scrap metals retrieval companies, and county-level supply enterprises may be categorized as small supply enterprises according to the requirements for small commercial retail enterprises.

Agricultural and animal husbandry enterprises run by commercial departments are all categorized as small enterprises.

Commercial wholesale enterprises, trade centers, trading warehouses, overseas remittance recipients' stores, friendship stores, petroleum stores (including filling stations), foreign vessels supply service companies, supermarket stores [zi xuan shang dian 5261 6693 0794 1648], foodstuff purchase and marketing stations, supply enterprises (not including the aforesaid supply enterprises categorized as small enterprises), and supply and marketing enterprises are all categorized as big and medium-sized enterprises regardless of their profits, fixed assets, and personnel strength.

Cultural and educational enterprises may be categorized as small enterprises according to the requirements for small industrial and transport enterprises and small commercial retail enterprises.

Small enterprises are categorized according to the pertinent 1983 data. However, the profit realized in 1983 should be readjusted according to profit increases or decreases resulting from tax rate changes and the levying of new taxes. The requirements for small enterprise categorization and the new eight-grade excess progressive income tax rate will come into effect in 1985. Once categorized a small enterprises, they remain so for the next 7 years without change.

4. Commercial guest houses, restaurants, hostels, and catering enterprises shall pay income tax according to the new eight-grade progressive excess tax rate. The portion of tax paid by enterprises in excess of the taxes paid by them according to measures in effect during the first stage of the replacement of profit delivery with tax payment will be listed by the financial department of the corresponding level as budgeted expenses and turned over to the department in charge to be used for setting up new outlets and networks and technical transformation, and for supporting major projects.

5. For the time being, enterprises engaged in defense production, postal and telecommunications services, civil aviation, foreign trade, agricultural production and animal husbandry, and production by personnel being reformed through labor, as well as a small number of enterprises approved for testing measures such as the contract system of progressive profit delivery, will not pay income tax and regulatory tax as prescribed in this document, but must pay other taxes according to the relevant regulations. The delivery of profits, the collection of fees charged for the use of capital, and the drawing of funds for workers' welfare and bonuses will still be carried out according to the original regulations.

6. Subsidies, tax deductions, or tax exemptions for deficit enterprises and enterprises with a minimum amount of profit shall be handled according to the following:



A. All losses permitted by state policy shall be subsidized according to plan; losses beyond the limit shall not be subsidized; and a percentage of unused subsidies for losses may be retained when such losses are reduced. The amount of subsidy and the retainable percentage may be determined annually, and once the amount and the percentage have been determined, they will remain unchanged for 3 years.

B. Should an enterprise suffer losses because of mismanagement, its responsible department should instruct it to make up its losses within a set time. Before the deadline, the financial department shall determine an appropriate amount of subsidy for its deficit. Losses that exceed the limit shall not be subsidized, and a percentage of the unused subsidy intended for losses may be retained when such losses are reduced. Any losses incurred after the deadline shall not be subsidized. If a deficit enterprise operates profitably within a set time, it will pay tax instead of delivering its profits to the state, as prescribed above.

An enterprise which becomes a profitable one ahead of the time limit set for it to reverse losses is still eligible for subsidy for the same year, and is allowed to keep its profits; the profit it makes in the following year shall be regarded as a reduction of losses, and it may retain a percentage of this profit.

C. Product tax, value-added tax, and business tax are deductible for 3 years for those profit-making enterprises which have become unprofitable, or whose profits have become too small to have a rational percentage of retainable profits, because of tax rates readjustment or because of levying of new taxes in 1983. These enterprises may be regarded as enterprises having a minimum profit; they need not pay income tax and regulatory tax. In actual operations, when an enterprise makes a greater profit than a rational percentage of its retainable profit, it may share the profit with the state, and once the percentage of profit-sharing has been determined, it will remain unchanged for 3 years.

The amount of rational profit retention and the various types of deductible taxes for the aforementioned enterprises in 1983 shall be checked and ratified by the department in charge of commercial affairs under the Ministry of Finance. The amount of tax deduction for enterprises checked and ratified by financial and taxation departments of various provinces, autonomous regions, and municipalities directly under the central government shall be reported to the Ministry of Finance for approval.

7. Welfare funds and bonuses for state enterprise workers shall be defrayed in accordance with the detailed rules for the implementation of the "regulations for cost control of state enterprises." The piece rate wages for construction workers, coal miners, railway loaders, and stevedores who work more than their quotas, should be calculated as cost.

8. When a state enterprise applies for a loan for a technical project, 10 to 30 percent of the fund needed by the project must be financed by the enterprise's special fund. With the approval of the financial department, an enterprise may, before paying its income tax, repay the loan for technical, construction, or expansion projects with the profit it makes from the project financed by the loan. An enterprise which repays the aforementioned loan with its profit may retain the welfare funds and bonuses for its workers from the profit.

To standardize the computation of increased profits, the profits made by the aforementioned loan repaid in 1983 and an enterprise's retainable profits may, in principle, be deducted from the profits of the base period. Specific deductible amounts shall be approved by the Ministry of Financial Affairs.

After the second phase of replacing profit delivery with tax payment becomes effective, no readjustment of prices and tax rates shall be made, except if the readjustment is relatively big, and if appropriate readjustment of the profits from the basic period and the rates of regulatory tax have been specifically approved by the State Council. Readjustment of profits from the basic period and rates of regulatory tax shall be reported and approved as prescribed by measure No 2 mentioned above.

When an enterprise has increased its production capacity due to the operation of a new workshop or the completion of overall technical transformation, it must report this to the competent authorities and to the financial department of the same level so that the approved profit for the base period may be adjusted accordingly. In the case of loan projects, adjustments may be made when the loans are repaid.

10. The enterprise should make rational distribution and utilization of its retained profit. It should use it to establish funds for the trial-manufacture of new products, for production development, for reserve purposes, for the welfare of staff and workers, and for bonuses of staff and workers. The percentage of retained profit to be used for the staff and workers bonus fund should be determined through consultations by the Ministry of Finance with various provinces, autonomous regions, and municipalities directly under the central government and with the departments in charge of the enterprises. The enterprise should be informed of this percentage by the related locality and department. In general, 50 percent of the profit retained by an enterprise from the increase portion of its profit should be used for developing production, 20 percent for the collective welfare of its staff and workers, and 30 percent for their bonuses.

11. Enterprises that have already implemented such systems as the responsibility system for progressive increase in profit prior to the promulgation of the present measures should do the following according to the various conditions:

A. If the enterprise has implemented such a system as the responsibility system for progressive increase in profit on a trial basis with the approval of the State Council, the Ministry of Finance, or the State Economic Commission, and if the trial period has expired, it should comply with the present measures. If the trial period has not yet expired, it may continue to trial-implement the original system but should switch to these measures upon expiration of the trial period.

B. With regard to those enterprises that have implemented a system such as the responsibility system for progressive increase in profit on a trial basis with the approval of the people's governments at the provincial, regional, or municipal level, all localities should conduct an investigation of it. If the trial period has expired, the present measures should be followed. If the trial period has not yet expired, and if fairly good results have been obtained in trial-implementation of such a system and the relationship of distribution between the state and the enterprise is rather reasonable, the enterprise may continue its original system until the trial period has expired, but it should report the system to the Ministry of Finance and the State Economic Commission for approval. If the relationship of distribution is unreasonable and the various quarters concerned are in disagreement, the original system should be stopped and replaced by the present measures as soon as possible.

C. If a system such as the responsibility system for progressive increase in profit has been put into practice with the approval of the prefectural administrative office or the city or county people's government, it is imperative to take resolute steps to switch to the present measures for replacing profit delivery with tax payment.

D. Enterprises that continue to implement such a system as the responsibility system for progressive increase in profit with appropriate approval should -- commencing from the fourth quarter of this year -- pay product tax, value-added tax, business tax, and resources tax according to the new tax regulations (draft).

12. After the commencement of the second step in replacing profit delivery with tax payment, the departments in charge of enterprises can still use part of the retained profit for key technical transformation and for establishment of commercial networks and facilities, but under no circumstances should they use the retained profit to defray their own expenditures. The profit retained by the departments in charge of the enterprises may come from the enterprises or may be made available by the method of (?getting refunds from the state treasury) [tui ku 6622 1655].

13. In implementing state tax laws in national autonomous areas in accordance with Article 35 of the "Regional Autonomy Law for Minority Nationalities of the People's Republic of China," taxes on certain local financial revenues, which should be encouraged and for which allowances should be made in taxation, may be reduced or exempted with the approval of the concerned provincial or autonomous regional people's government, in addition to unified state-approved tax reductions and exemptions.

~~Methods~~ for implementing these measures in Xizang Autonomous Region should be determined by the People's Government of that region.

14. Specific regulations for trial-implementation of these measures should be formulated by the Ministry of Finance.

15. These measures are implemented on a trial basis beginning 1 October 1984. In case of any contradiction between these measures and the relevant regulations promulgated previously, these measures should prevail.

#### DEVELOPMENT OF SATELLITE COMMUNICATIONS REVIEWED

OW070821 Beijing in Mandarin to Southeast Asia and Southern Pacific 0900 GMT 3 Oct 84

[Report by station reporter: "China's Satellite Communications"]

[Excerpts] Satellite Communications are a modern, economical, and effective means of communication developed during the 1960's. China's international communications via international satellites began in the early 1970's. The first home-made experimental communications satellite was successfully launched last April; it marked a new stage of China's satellite communications technology.

On 8 April 1984, China launched its first experimental satellite. At 1827 [1027 GMT] on 16 April, it was successfully positioned over the equator at 125 degrees east longitude. Operation of the satellite's instruments and equipment was normal, and the projects assigned to it to test telecommunication and telecast transmissions were satisfactorily carried out. Today this satellite is still operating normally.

In the past, people in China's remote areas in Xinjiang could see only programs which had been broadcast by Beijing's Central Television station 3 or 4 days earlier.



Because of the lack of telecasting means, they had to depend on videotapes shipped by mail from Beijing. At present there is an experimental communications satellite positioned over China, and people in Urumqi can directly see the Central Television Station's programs as relayed by the satellite's ground station newly built in Urumqi, capital of the Xinjiang Uygur Autonomous Region.

One day this reporter visited the ground station in Urumqi. Even from a great distance I could see the milky white parabolic antenna with a diameter of 15 meters. In the spacious and brightly illuminated engine room, workers were working in an orderly manner. The images received from the Central Television Station via the satellite were clear and the audio quality was very good. Telephone conversations between Urumqi and Beijing were as clear as those between callers in Beijing.

In early 1972, D Standard ground stations for satellite communications were built in Beijing, our country's capital, and in Shanghai, China's biggest city. These stations, each equipped with a 10-meter diameter antenna, were used for international telephone, telegraphic, and television transmissions. Later, equipment for large satellite ground stations for international communications was imported and four A-class ground stations, each equipped with a 30-meter antenna, were built in Beijing and Shanghai. These four stations were linked directly with ground stations in 25 countries and regions in Asia, Africa, North America, Oceania, and Europe through the international communication satellites positioned over the Pacific and Indian Oceans. Through these stations in these countries and regions, China could communicate with most of the countries and regions in the world. During the same period, China also carried out its own research and development of equipment for ground stations. Now China can produce some equipment for testing purposes and has established experimental satellite communication stations in Shanghai, Nanjing, Shijiazhuang and Hohhot. China has also carried out the development of equipment for small ground stations, such as antennas with a diameter of 5 to 6 meters. This has laid the foundation for establishing and developing a domestic satellite communications system.

Driving down a tree-lined boulevard, this reporter arrived at the Beijing Satellite Communications ground station, located in Beijing's northwestern suburbs. This ground station is surrounded by lush woodland. From a great distance, I could see three milky white parabolic antennae facing skyward. Each of these antennas had a diameter of 30 meters. In the ground station's engine rooms the various instruments and meters were operating normally. These giant parabolic antennas, targeted automatically at international communications satellites 36,000 meters [as heard] above the ground, link China with all parts of the world by transmitting and receiving radio signals.

(Zhao Jinxiang), head of the Beijing satellite communications ground station, briefed the reporter on the ground station. He said: The Beijing satellite communications ground station was set up 12 years ago. All its equipment, including the antenna, receiving, transmitting, and signal control systems was imported. The purpose of this ground station is to provide international television, telephone, telegraphic, facsimile, and data transmission services via international telecommunication satellites. Since the founding of the Beijing ground station, engineers and technicians have carried out various technical innovations, continuously improved their equipment, and maintained a fine quality of telecommunications.

This reporter called on (Liu Shang), deputy chief engineer of the Telecommunications Bureau under the Ministry of Posts and Telecommunication, briefed the reporter on the development of China's satellite communications.

(Liu Shang) said: China's satellite telecommunications have developed rapidly for the past 10 and more years. The number of satellite telecommunication circuits have been increased from 49 in 1977 to more 300 in 1983. China has also succeeded in developing the first batch of ground station equipment, built some experimental satellite communications ground stations, and conducted experiments in facilitating satellite communications. In order to evaluate the quality of domestic satellite transmission and test the performance of some of the ground station equipment produced in China, we made use of a transponder provided by the International Telecommunications Satellite Consortium to carry out tests in television and multichannel telephone transmission, data transmission, and transmission of standard time and frequencies from June to October 1982.

Taking part in the tests were China's 10 ground stations including those in Beijing, Shanghai, Hohhot, Urumqi, Shijiazhuang, Nanjing and Chengdu.

Deputy chief engineer (Liu Shang) said: China joined the International Telecommunications Satellite Consortium in 1978. China plans to rent transponders from the consortium from next year on to facilitate satellite communications in China so as to solve communication problems in remote districts, tourist areas, and coastal cities. For this reason China is now building a number of satellite communications ground stations in order to satisfy the needs of various departments in developing telecommunications. Various departments in the petroleum and coal industries and in the fields of water conservancy, power industry, and meteorology in China are also building a number of specialized ground stations. With the launching of China's experimental communications satellite, telecommunications via satellite in the country will surely develop even more rapidly.

#### ENERGY PRODUCTION RISES IN JAN-SEP PERIOD

OW071047 Beijing XINHUA Domestic Service in Chinese 1455 GMT 5 Oct 84

[By reporter Huang Fengchu]

[Text] Beijing, 5 Oct (XINHUA) -- This reporter has learned from the departments concerned that a new situation characterized by rapid, balanced, and all-round growth has emerged in our country's energy production in the first 9 months of this year. The indications of the new situation are as follows:

1. The speed of development is fast. In the first 3 quarters of this year, the country's energy production reached 555 million tons of standard coal, a 7.5. percent increase over the same period last year and the highest growth rate for the corresponding periods in recent years.
2. There is an all-round increase in the production of coal, electric power, and oil. A total of 556.24 million tons of coal, 275.8 billion kwh of electric power, and 84.55 million tons of crude oil was produced, all representing a growth of more than 7 percent over the same period last year.
3. The development is balanced with overfulfillment of production every month. In the first 9 months of this year, the growth rate of the country's energy production averaged 6 percent or so. Daily output of coal, electricity, and crude oil topped 2 million tons, 1 billion kwh, and 300,000 tons respectively.

The departments concerned told this reporter: The reasons for such an excellent situation in energy production in the first 3 quarters of this year are that the production of coal has developed at a relatively fast pace because of the implementation of the policy of combining the efforts of the state, collectives, and individuals; that in oil industry, thanks to the impetus given by reform, there has been a new progress in oil prospecting and a number of new and highly productive oil wells have been put into operation in Daqing, Shengli, and other oil fields; and that a noticeable growth in thermal power production has contributed to the overall increase of power generated.

SEARCH FOR OIL OFF EAST COAST SPEEDS UP

HK05090 Beijing ZHONGGUO XINWEN SHE in Chinese 0732 GMT 4 Oct 84

[Roundup by reporter Chen Dawei: "Prospecting for Oil Resources in China's Eastern Seawaters Has Been Speeded Up" -- ZHONGGUO XINWEN SHE headline]

[Text] Shanghai, 4 Oct (ZHONGGUO XINWEN SHE) -- Sources from the East China Sea and the Southern Yellow Sea areas show that China is speeding up its prospecting for oil resources in the waters off its east coast. The drilling of the first well jointly undertaken by Chinese and foreigners for prospecting and locating purposes is approaching completion. It has been revealed that there are signs indicating the existence of both oil and natural gas. In June last year, oil and natural gas of industrial quality were first tapped from the "Donghu No 1 Well" in the East China Sea. Since then, the experts concerned have almost unanimously held that there is a likelihood of the existence of rich, extensive oil and natural gas fields in the continental shelf basin in the East Sea.

Following Britain's BP Corporation, the Chevron Overseas Oil Company and the Caltex Oriental Oil Company, both U.S. companies, are also speeding up preparations to drill wells within the cooperation zone in the Southern Yellow Sea. In addition, they have begun inviting tenders. If everything is smoothly carried out, drilling can begin in early November as scheduled. Prospecting and drilling can be carried out in two prospective fields in the East China Sea. On the shores of the East China and the Southern Yellow Sea are China's eastern coastal cities. The exploitation of the oil resources in both these seas will give impetus to the economic development of these cities and help develop the machine-building industry, the ship-building industry, the materials industry, the electronics industry, and the manufacturing of instruments and meters, all of which are closely related to the exploitation of marine resources. The Shanghai Oceanic Oil Service General Company, the "Hailian [3189 5114]" company and the "Haimao [3189 2021]" company, both being under joint Chinese-foreign proprietorship and specializing in the building and maintenance of drilling platforms, and the China Geological Prospecting and Drilling Companies are new enterprises which have come into existence at the right moment. This should be a good start.



COMMENTARY ON PROTECTING SPECIALIZED HOUSEHOLDS

OW082308 Hefei Anhui Provincial Service in Mandarin 1100 GMT 6 Oct 84

[ANHUI RIBAO 6 October commentary: "Making Things Difficult for Households Engaged in Specialized Production is Tantamount To Obstructing the Four Modernizations"]

[Text] Inspired by the party's policy of building an affluent nation, the number of households engaged in specialized production has been increasing rapidly in the rural areas of our province. The party committees and governments of most areas are willing to provide the necessary guidance and do all they can to help those households solve their problems, warmly support and encourage them to expand their business and develop commodity production, and actively guide other peasants to emulate their example of becoming well off through working hard; some areas, however, have constantly encroached on the legitimate rights and interests of the households engaged in specialized production, and some people engaged in specialized production cannot even ensure their personal safety. Some comrades' attitudes toward those engaged in specialized production is highly erroneous. Knowing that some people have become affluent, they become green with envy, and some even have resorted to overt extortion. This is mainly because leftist ideas have not yet been completely eradicated. For some people, it is a matter of seeking personal gain by taking advantage of their authority. If these erroneous thoughts and behaviors are not corrected and seriously handled by effective measures, the good momentum of commodity production that has just been built up in the rural areas will be interrupted and the party's policy of building an affluent nation will not be carried out.

Such being the case, we are facing a highly important task -- correcting our attitude and heightening our understanding of protecting the households engaged in specialized production and supporting them to energetically develop commodity production and revitalize the rural economy. All departments and all cadres engaged in rural work must rethink and deepen their understanding of the No 1 Document of the CPC Central Committee as well as other relevant documents issued by the provincial CPC Committee. The broad masses of cadres must realize that going against the households engaged in specialized production is tantamount to going against commodity production, and that making things difficult for households engaged in specialized production is tantamount to obstructing the four modernizations. Cases concerning the encroachment of the legitimate rights and interests of households engaged in specialized production must be handled promptly and must not be delayed. The serious cases must be strictly handled according to law. In no case should we be lenient, tolerant, and accommodating in this regard. From now on, the attitude and performance of a cadre in supporting commodity production by households engaged in specialized production should become important criteria for evaluating the cadre, a specific requirement for party rectification, and a yardstick to judge whether or not a cadre is politically at one with the party Central Committee.

There is now an undesirable phenomenon, which is: When the legitimate rights and interests of a household engaged in specialized production have been encroached upon, more often than not the case will not be attended to, much less promptly investigated and justly handled, until a leading comrade has given the instruction. This is a highly undesirable practice. We must, through rectifying the party organizations, firmly correct this tendency. It is hoped that party and government organs in all areas will display a greater political sense of responsibility, consider protecting the legitimate rights and interests of households engaged in specialized production an important requirement in carrying out the CPC Central Committee's No 1 Document, check their work, and solve their problems one by one in accordance with the provincial CPC Committee's instructions.

I. 9 Oct 84

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PRC REGIONAL AFFAIRS  
EAST REGION

FUJIAN'S XIANG NAN ON OLD REVOLUTIONARY BASES

OW081025 Fuzhou Fujian Provincial Service in Mandarin 1130 GMT 4 Oct 84

[Excerpts] The second meeting of representatives of the province's old revolutionary base areas opened in Fuzhou this morning.

Leading comrades of the party, government, and Army organizations in the province attended the opening ceremony, including Xiang Nan, Fu Kuiqing, Hu Ping, Ma Xingyuan, Hu Hong, Yuan Gai, Wei Jinshui, Wang Zhi, Hou Linzhou, Lu Sheng, You Dexin, Zuo Fengmei, Lu Tao, Wen Fushan, and Lu Fuxiang. Comrade Xiang Nan made an important speech at the opening ceremony, which was presided over by (Chen Ping), member of the provincial Commission for the Construction of Old Revolutionary Base Areas in the Province.

In his opening speech at the ceremony, Wu Hongxiang, chairman of the provincial CPPCC Committee and chairman of the provincial Commission for the Construction of Old Revolutionary Base Areas in the Province, said: In undertaking the four modernizations, the people in the province's revolutionary base areas should carry forward the revolutionary tradition and win greater honor for themselves. An important task now facing us is to accelerate the building of socialist material and spiritual civilization in the old revolutionary base areas so that the people there will become better off more quickly.

In his speech at the opening ceremony, Comrade Xiang Nan said: Who made the greatest sacrifice in the entire course of our revolution? It was the people in our old revolutionary base areas. We must never forget the old revolutionary base areas and the people there. It is regrettable that construction of the old revolutionary base areas has not kept pace with that of other areas in the country since the victory of the revolution. Some of these old revolutionary base areas have become even more backward than before. Therefore, it will be difficult for the old revolutionary base areas to catch up with other areas in construction unless we take special measures in this regard. The party and the government have an unshirkable duty to help and support the old revolutionary base areas and the people there.

Xiang Nan said: The situation throughout the country is very good. It is now entirely possible for us to do a good job in building the old revolutionary base areas. Xiang Nan said: We defeated a powerful enemy in the revolutionary war years. Can we not surmount difficulties and eliminate poverty now? We must be determined, through our own arduous efforts, to build the province's old revolutionary base areas into new rural areas with socialist material and spiritual civilization.

FUZHOU SCHOOLS ANNIVERSARY CELEBRATED 2 OCT

OW050831 Fuzhou Fujian Provincial Service in Mandarin 1130 GMT 2 Oct 84

[Excerpts] Some 2,300 teachers, students, and alumni of the Fujian Construction Engineering Junior College and the Fujian Construction Engineering School gathered at the (Changanshan) campus in Fuzhou City on 2 October to commemorate the 88th founding anniversary of their schools.

Xiang Nan, first secretary of the Fujian Provincial CPC Committee, wrote inscriptions for this anniversary. His inscriptions read: Develop the construction industry into Fujian's pillar industry as soon as possible. Governor Hu Ping, Vice Governor Zhang Yi, and provincial government adviser Zhang Gexin attended the anniversary. Governor Hu Ping addressed the anniversary meeting. Established in 1896, the schools have trained 5,600 construction technicians.

HAN PEIXIN ATTENDS JIANGSU ART EXHIBIT

OW022320 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 29 Sep 84

[Excerpt] The sixth national art exhibition, sponsored jointly by the Ministry of Culture and the Chinese Artists Association, opened at the Jiangsu Art Gallery in Nanjing today.

Comrades Jiang Weiqing and Han Peixin cut the ribbon. Nearly 1,000 people of various circles jubilantly viewed the exhibition. The exhibition is a general review of the achievements scored by Chinese artists since the 3d Plenary Session of the 11th CPC Central Committee and is a part of the celebrations marking the 35th anniversary of the founding of New China. It is also the biggest art exhibition since the founding of the PRC. More than 3,700 works are being exhibited. The exhibition is being held simultaneously in nine cities according to different varieties of artistic works. The Nanjing exhibit consists of 568 pieces of Chinese paintings.

BAI DONGCAI AT JIANGXI VETERAN CADRES SOIREE

OW062232 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 3 Oct 84

[Text] The provincial and city veteran cadres activity center held a cultural soiree on the evening of 2 October to mark the 35th founding anniversary of the PRC and to extend regards to the provincial and city retired veteran cadres. Over 100 retired veteran cadres from the province and the city watched the show.

Bai Dongcai, first secretary of the provincial CPC Committee; Zhao Zhijian and Pei Dean, members of the Standing Committee of the provincial CPC Committee; Wang Shixian, deputy director of the Preparatory Group for the provincial Advisory Commission; Wang Tie, secretary of the provincial Discipline Inspection Committee; and Dai Fengzhi, deputy secretary of the Nanchang City Party Committee watched the programs performed by the provincial and Beijing City opera troupes.

JIANGXI'S BAI DONGCAI MEETS OVERSEAS CHINESE

OW041339 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 2 Oct 84

[Text] Bai Dongcai, first secretary of the provincial CPC Committee; Zhao Zengyi, secretary of the provincial CPC Committee and governor; and Ni Xiance, Standing Committee member of the provincial CPC Committee and vice governor, met this afternoon at Jiangxi Guesthouse with compatriots from Hong Kong and Macao and Overseas Chinese who have come to Jiangxi to attend the celebrations of the 35th founding anniversary of the PRC. They extended a welcome to them and invited them to do sightseeing in the province.

Comrade Bai Dongcai said: Jiangxi has rich natural resources. You are welcomed to invest and set up joint enterprises in our province. (Zhao Enyi), director of the provincial Foreign Liaison Office, was present at the meeting.

BAI DONGCAI RECEIVES JIANGXI REPRESENTATIVES

OW030004 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 30 Sep 84

[Excerpts] Jiangxi party and government leaders this morning received at the reception hall of the provincial Civil Affairs Department representatives of the people of old revolutionary base areas and representatives of provincial model workers.



Taking part in the reception were Yang Shangkui, (Liu Jingxiu), and Fang Zhichun, members of the Central Advisory Commission; Bai Dongcai, first secretary of the Jiangxi Provincial CPC Committee; Xu Qin, secretary of the provincial CPC Committee; Zhao Zengyi, secretary of the provincial CPC Committee and governor of Jiangxi; Wang Shufeng, deputy secretary of the provincial CPC Committee; Wang Zhaorong, Ni Xiance, Wang Baotian, and Wang Shufeng, members of the Standing Committee of the provincial CPC Committee; Luo Mengwen, deputy head of the Preparatory Group for the provincial Advisory Commission; Wang Tie, secretary of the provincial Discipline Inspection Commission; Ma Jikong, chairman of the Standing Committee of the provincial People's Congress; Xie Xianghuang, vice chairman of the Standing Committee of the provincial People's Congress; Vice Governor Liu Bin; Wu Ping, chairman of the provincial CPPCC Committee; as well as responsible persons of the provincial Civil Affairs Department and the provincial Federation of Trade Unions.

During the reception the provincial party and government leaders meticulously inquired about the life and production activities of the people in old revolutionary base areas, asked the representatives to convey their regards for the people there, and encouraged them to carry forward their revolutionary traditions, win still greater glory, and make still greater contributions to China's socialist modernization.

#### BAI DONGCAI VISITS JIANGXI EXHIBITION 2 OCT

OW041333 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 2 Oct 84

[Excerpts] An exhibition of calligraphy and paintings by veteran cadres, which is jointly sponsored by the Veteran Cadres' Calligraphy and Paintings Society, the provincial Veteran Cadres' Activity Center, and the Nanchang Art Gallery, opened at the Veteran Cadres' Activity Center on 2 October. Leading comrades Bai Dongcai and Fu Yutian have visited the exhibition.

#### SU YIRAN MEETS SHANDONG CONFERENCE PARTICIPANTS

SK070633 Jinan Shandong Provincial Service in Mandarin 2300 GMT 6 Oct 84

[Excerpts] A provincial food industrial work conference was held in Jinan from 24 to 28 September. It stressed that efforts must be made to greatly develop the province's food industry.

Attending the conference were responsible comrades of various prefectural and city economic commissions, food industrial societies, and pertinent departments, as well as representatives of some counties, cities, and enterprises, totaling some 220 persons.

During the session, Su Yiran, secretary of the provincial CPC Committee, met with various prefectural and city group leaders attending the conference and responsible comrades of various departments, as well as experts and professors engaged in food scientific research work. Ma Shizhong, provincial vice governor, gave an important speech at the conference.

This conference was the first held by the province to specifically study the food industry. It discussed, in a concentrated manner, the importance and urgency of developing the food industry in the province, and studied ways to implement the national program for food industrial development, and to speed up the implementation of the provincial policies, measures, and methods for developing the food industry.

While the conference was in session, the Shandong Provincial Food Industrial Society board of directors also held its second meeting. Personnel were readjusted and some 106 persons were elected members of the society's Board of Directors. Ma Shizhong, provincial vice governor, was elected honorary president of the provincial Food Industrial Society.

ARTICLE URGES DEVELOPMENT OF SHANGHAI ECONOMY

HK030728 Beijing JINGJI RIBAO in Chinese 28 Sep 84 p 2

[Article by Huan Xiang: "My Views for Developing Shanghai's Economy"]

[Text] At present, Shanghai is faced with a very serious test. Viewed from the international environment, the United States and Japan are carrying out technological transformation and updating equipment on a large scale. Other countries are also developing very quickly. The competitive power of Shanghai's equipment and products is decreasing on the international market. Protectionism is becoming more and more serious in the world and is directed at commodity imports and technology transfers. China was late in getting on the train and this has given her more difficulties. If we want to participate in developing the economy in the Asia-Pacific region, the Shanghai economic zone has to assume important responsibilities.

Domestically speaking, Shanghai is also faced with a serious challenge. The days when Shanghai depended on cheap power and raw materials for its development have gone forever. Light industrial products and textiles which Shanghai alone was able to produce in the past are now also produced in other localities. Shanghai's famous-brand products may not be able to maintain their positions.

It is a fact that Shanghai is under great pressure and has met with great difficulties. However, just recognizing the pressure and difficulties is not enough. Our task is to find ways to reduce the pressure and to overcome the difficulties. In order to catch up with others, to join the international economic system, and to compete in the international market, Shanghai, I am afraid, must have the spirit of blazing new trails and bring into play the role of its subjective initiative. Of course, financial tasks must be fulfilled but what is more important is that the times demand that we blaze new trails and have the spirit of forgoing ahead to catch up with others. We must not be contented with fulfilling our tasks, but must break a new path.

Shanghai is the most advanced place in China. Why can reforms not start in Shanghai? Why can experience not be obtained here? Shanghai must have a sense of responsibility. It must provide qualified personnel and experience. At present, many theoretical problems remain unsolved. There are so many specialists and scholars in Shanghai and they should make more contributions in the theoretical field.

## Questions on Strategy

HK050902 Beijing JINGJI RIBAO in Chinese 28 Sep 84 p 2

[Article by Yu Guangyuan: "It Is Necessary To Promote Research Work in Economic Theory"]

[Text] Some of the questions concerning the strategy of Shanghai's economic development discussed now have to be settled by authorities at higher levels. These questions are mainly: 1) What role exactly is Shanghai expected to play? 2) How great is the determination to solve Shanghai's problems, for example, financial problems? 3) How should Shanghai take the lead in structural reform? 4) What preferential treatment will be given to Shanghai in implementing policies? 5) How should Shanghai be relieved of some spiritual pressure? In addition, Shanghai comrades should internally examine the causes of difficulties which impede Shanghai's economic development and list them all.

In addition, I think that the theoretical circles in Shanghai are not activated. This does not mean that Shanghai's theoretical workers are not ideologically active, but means that they are not willing to speak out more.

This situation is, of course, not limited to Shanghai alone. Places throughout the country are also faced with the same problem; a problem which has not been properly solved. However, Shanghai is the country's first economic center. In order to develop Shanghai's economy, the guidance of economic theories are indeed very important. It is necessary to promote complete theoretical work, and in Shanghai, an even more open policy should be implemented in the study of economic theories. It is necessary to overcome "leftist" ideas in theoretical work. An atmosphere for free academic discussion is very important for Shanghai. Without such an atmosphere, it will be impossible for theoretical work to develop and it will be difficult to calculate the losses resulting from this. I think that many theoretical economic questions should be discussed. Shanghai's problems cannot be properly solved if we are fettered by the restrictions of old theories. Therefore, which policy should be pursued for theoretical work is an important matter. I stand for promoting theoretical work and believe that it should be given great promotion. Of course, such promotion should be given in a scientific manner.

It is necessary to study many theoretical questions, such as what a plan is; whether mandated plans are regulated by the market; the planned (proportionate) development law and the law of planned development; ideas on adaptation, flexibility, opportunity, and catastrophe in plans; the significance of forecasting; information plans and attaching importance to information; and so on.

As the country's biggest central city, Shanghai is now a base for socialist economic construction in our country. It should, at present as well as in the future, provide capital, technology, experience, and qualified personnel for the whole country. Greater stress should be laid on this as time goes by.

#### WANG FANG ADDRESSES ZHEJIANG SCHOOL FORUM

OW050601 Hangzhou ZHEJIANG RIBAO in Chinese 11 Sep 84 p 1

[Excerpts] Wang Fang, secretary of the Zhejiang Provincial CPC Committee, came to the committee's Party School on the morning of 6 September to call a forum. At the forum, he urged the Party School to adhere to the principle of integration theory with practice, and train qualified personnel to meet the needs of the four modernizations drive.

Comrade Wang Fang first inquired after the condition of new students and the condition of the newly established training class for cadres, who will be engaged in tasks related to opening to the outside world.

Comrade Wang Fang said at the forum: Students of this training class should be able to understand foreign trade letters and cables, be familiar with the international market, and be able to hold talks with foreign businessmen.

#### WANG FANG ADDRESSES ZHEJIANG NAVY MEETING

OW080915 Hangzhou ZHEJIANG RIBAO in Chinese 26 Sep 84 p 1

[Excerpts] On 20 September, at an on-the-spot meeting sponsored by the Navy to exchange experiences in studying science, acquiring general knowledge, and training qualified personnel for both military and civilian services, Secretary Wang Fang of the Zhejiang Provincial CPC Committee pointed out: It is most fundamental that we solve the problem of qualified personnel in order to fulfill the general task set by the 12th Party Congress and gain the initiative in meeting the challenge of the new technological revolution in the world.



In his speech at the meeting, Comrade Wang Fang highly appraised the experiences gained by the escort vessel detachment of a certain unit of the East China Sea Fleet. He said: The core of the escort vessel detachment's fine experiences in this regard is that the detachment has conscientiously implemented the instructions of leading comrades of the CPC Central Committee and its Military Commission on studying science, acquiring general knowledge, and training qualified personnel for both military and civilian services.

Comrade Wang Fang said: Practical experience shows that the instructions of the CPC Central Committee and its military Commission on studying science, acquiring general knowledge, and training qualified personnel for both military and civilian services are absolutely correct. By doing this work well, qualified personnel have been trained not only for national defense construction but also for local economic construction. To fulfill the general task set by the 12th party congress and meet the challenge of the new technological revolution in the world, we must seize every opportunity to catch up with advanced countries. We have problems to solve, but the problem of qualified personnel is the most important and difficult one. We should orient ourselves to the needs of the four modernizations, the world, and the future. However, this will become nothing but an empty slogan if we fail to change our backwardness in science and technology, reform the current economic system detrimental to the development of the productive forces and the interests of the people, value knowledge, respect intellectuals, implement the policy toward intellectuals, and train large numbers of qualified personnel. Once we grasp the problem of training and discovering qualified personnel, we have grasped the essentials. PLA units have made tremendous achievements and gained a lot of fine experience in this regard. Local comrades should learn from the PLA comrades in this respect. At the same time, we should support the PLA with intellectual resources and do everything possible to satisfy the needs of locally stationed PLA units in training qualified personnel the same way we supported the front during the war years.

#### ZHEJIANG RIBAO LINKS PARTY STYLE, ECONOMIC WORK

OW081105 Hangzhou ZHEJIANG RIBAO in Chinese 20 Sep 84 p 1

[Commentator's article: "Grasp Party Style and Economic Work at the Same Time"]

[Text] Today there might be no objections to grasping party style while carrying out all-round party rectification. However, party committees in some localities and units still fail to grasp party style firmly and effectively. Why? The main reason is that some leading comrades have set grasping party style against doing economic work for fear that grasping party will effect economic work. In fact, such a worry is unnecessary.

Doing economic work and grasping party style at the same time gives expression to the 12th party congress' principles of building a socialist civilization both materially and spiritually. The Xiaoshan County CPC Committee's experience convincingly shows that doing economic work and grasping party style are not mutually exclusive but complement each other. Economic construction and rectification of party style can certainly be carried out effectively at the same time. The idea of setting economic construction against rectification of party style is obviously wrong.

Some comrades think that since the party's central task is to push economic work forward, rectification of party style should give way for economic work. It is correct to say that economic work is the party's central task, that the CPC Committee should grasp economic work firmly, and that it should not relax its efforts in this regard at any time. But what does the CPC Committee rely on to effectively push economic work forward in its locality or unit?

Obviously, to do so the CPC Committee relies on its own strength of leadership. Whether the leadership is strong or weak is determined by the quality of leaders. The quality of leaders depends not only on their educational level, age, and pioneering spirit but on their party spirit and style as well. Whether or not their party spirit is strong and whether or not their party style is fine cannot help but have an effect on their economic work. If the members of a party committee take the lead in taking advantage of their position and power to seek selfish interests for themselves or for relatives and friends, if they are irresponsible to the party and the people, or if they practice bureaucratism to a serious extent, the CPC Committee cannot resolutely implement the party's line and principles or effectively carry out its central task.

Stressing that the party committee should grasp party style does not mean, of course, that economic work should be done after grasping party style, or that the time and manpower intended for economic work should be used to grasp party style. It means that party style should be rectified while carrying out economic construction. While concentrating on the central task of economic construction, reform of the economic system, and implementation of the policy of opening to the outside world, it is necessary to proceed from actual conditions in our own localities or units, thoroughly negate the "Cultural Revolution," eliminate factionalism, correct various unhealthy trends of taking advantage of one's power to seek personal gain, overcome the serious bureaucratic practice of being irresponsible to the party and the people, and continuously crack down on serious criminal activities in the economic field. In the new situation of opening to the outside world and reinvigorating the domestic economy, we should study how to improve party style and how to have this work really subordinated to and serve the party's general task and objective.

Undoubtedly, rules and regulations that impede the work of opening to the outside world and reinvigorating the domestic economy should be changed. In party discipline inspection work, we should eliminate "leftism" and increase our ability to distinguish right from wrong and to understand the limits of policy by continuing to study new situations and conditions. This does not mean, however, that the nature of the party can be changed and its discipline can be weakened. As far as the provisions of the "CPC Constitution" and the "Guiding Principles for Inner-Party Political Life" are concerned, the question of "untying a person" [song bang 2646 4834] does not exist. Unless we raise questions and have this understanding, unless we prevent unhealthy trends from going unchecked, our economic construction will lose its correct bearings and the party's correct policy of opening to the outside world and reinvigorating the domestic economy will be distorted and interfered with and will be unable to be smoothly implemented. Of course, party discipline must not be violated. However, unless economic work can be pushed forward, party style cannot be said to be fine. The Xiaoshan County CPC Committee has called for "relaxing policy restrictions, reinvigorating the economy, correcting unhealthy trends, and investigating and handling violations of party discipline." This shows that the members of the county party committee keep a clear head and avoid one-sided views. This is also why their experiences are valuable.

This is the first year that party rectification is being carried out in an all-round way and reforms in the rural areas are spreading to urban areas. We believe that through party rectification and reforms and by separating the party from the government and administrative departments from enterprises, party committees will have more energy to carry out party building while grasping economic construction and to lead the masses both inside and outside the party to fulfill on schedule the task set by the 12th party congress of bringing about a fundamental turn for the better in party style.

GUANGDONG'S REN ZHONGYI VIEWS PARTY BUILDING

HK041256 Guangzhou NANFANG RIBAO in Chinese 26 Sep 84 pp 1, 2

[Speech by Ren Zhongyi on 5 September 1984 at the provincial forum on strengthening the building of contingents of party members; reprinted from ZHIBU SHENGHUO: "It Is Necessary To Pay Close Attention To Strengthening the Building of Contingents of Party Members" -- capitalized passages published in boldface]

[Text] Today's forum is called mainly to discuss the problems related to the building of contingents of party members.

Party building consists of many aspects, and we do not have enough time today to discuss all of them. For example, we will not stress today discussing the problem of building the leading groups. In this forum we shall mainly talk about the problems of ideological and organizational building of contingents of party members under the new situation.

The Basic Situation of Contingents of Our Party Members Is Good, But There Are Some Problems Which Merit Our Attention

Recently I paid an inspection visit to several cities and counties in the northern Guangdong mountainous areas and the Zhy Jiang Delta, and I discovered that the basic situation of contingents of our party members in various localities is good. It is just as Comrade Hu Yaobang has said: "Our party is not in a crisis now. On the contrary, we are restoring our vitality! We are full of vitality!" Looking at most of our party members, they are loyal and devoted, diligent and conscientious in serving the party's and people's causes. In accordance with the line, principles, and policies formulated by the CPC Central Committee, they have led the masses in carrying out creative work and labor. At present, the construction of both our socialist material civilization and our spiritual civilization have become increasingly prosperous day by day. This is inseparable from the fact that our party members have given play to their exemplary vanguard role. In the forum today, all the situations shown by the participants have also proved this fact. However, there are still quite a few problems which have emerged in the contingents of our party members. In some of our party members, the pernicious influences of the "Great Proletarian Cultural Revolution" have not yet been eliminated. Some of them are comparatively seriously influenced by the decadent capitalist ideology and the vestiges of feudalism, and have a blurred understanding of the four basic principles. Some party members in a few areas maintain a strong concept of feudalism and patriarchal clans. In some regions, many party members have participated in Christian activities. The individualism of some party members is accentuated, while their sense of organization and discipline is dulled. Some "people of three categories" have not yet been weeded out. Some of our party members have not only openly violated party discipline, but have even followed a criminal path. Through party rectification, these problems of serious impurities in ideology, work style, and organization should be resolutely and effectively corrected.

In light of the situation which we have discovered and about which we have talked today, in addition to the above "three impurities," there are now the following problems in the contingents of our provincial party members which merit our attention:

1. MANY PARTY MEMBERS ARE NOT GOOD IN STUDYING THE LINE, PRINCIPLES, AND POLICIES OF OUR PARTY, AND THEIR IDEOLOGICAL AND POLITICAL LEVEL LAGS BEHIND THE DEMANDS OF OUR DEVELOPING SITUATION.



Since the 3d Plenary Session of the 11th CPC Central Committee, the line, principles, and policies and various policy decisions of the CPC Central Committee have enjoyed immense popular support and have been proven to be correct by our practices. However, some of our party members have failed to make a thorough study and gain a profound understanding of the line, principles, policies and policy decisions. For example, the CPC Central Committee has decided to implement the policy of opening up to the outside world and to carry out economic structural reform. The majority of our party members have shown wholehearted support and have actively carried out this decision, but there is also a minority of our party members (some of whom are in leading posts) whose ideology always lags behind. They are not leading the masses to make strides forward; in fact, they lag behind the masses and the situation. For another example, the CPC Central Committee has put forth the idea that in the new historical period it is imperative to strengthen and improve the party leadership. Comrade Deng Xiaoping points out: "Our country has entered a new stage of development. The focal point and the work style of our party should undergo appropriate changes." He also says that "it is imperative to fundamentally improve the work style and method of the leadership." However, some of our party members, in particular some party members who hold leading posts, are still accustomed and unwilling to improve the work style and method of leadership, which is old and not suited to the new situation. The CPC Central Committee now emphasizes that the leading groups at all levels must handle affairs according to law; however, some of our party members' concept of the legal system is quite limited. The CPC Central Committee has laid stress on handling affairs in accordance with economic laws, but some party members are accustomed to simply applying administrative means. The CPC Central Committee has emphasized that the party, government, and enterprises should be separate from one another, but some of our party members who hold leading posts are accustomed to the "one-package" method of leadership of substituting party administration for government administration, substituting government administration for enterprise management, and even substituting party administration for enterprise management. In short, their thinking and understanding lags behind the policy decisions of the CPC Central Committee and behind the objective demands of the development of our situation.

2. THE LEVEL OF UNDERSTANDING OF OUR PARTY MEMBERS LAGS BEHIND THE DEMANDS OF OUR FOUR MODERNIZATIONS. The educational level of many party members is low, and they have a narrow range of knowledge. According to 1983 statistics from the Organization Department of the provincial CPC Committee, of all party members in our province, those who are of college educational level account for only 3.2 percent; those who are of primary school educational level account for 48.3 percent; and those who are illiterate account for 4.2 percent. Such a low educational level of the contingents of our party members is due to the malpractice in the past where we did not pay attention to raising the educational level of our party members and, in particular, is related to the fact that we failed to attach importance to recruiting party members from among the intellectuals. For a comparatively long time it has often been a fact that the more knowledge one has, the more difficult it is to join the party, and that it is comparatively easy for people of a poor educational level to join the party. If this situation related to the low educational level of the contingents of our party members is not changed, it will be increasingly difficult for these contingents to adapt themselves to the demands of our socialist modernization.

3. THE AVERAGE AGE OF OUR PARTY MEMBERS IS A LITTLE TOO OLD. Some comrades have talked about this problem during this forum. In the past few years, the percentage of party members under the age of 25 among all provincial party members has tended to decline each year. According to the statistics, at the end of 1983 our province's party members under the age of 25 accounted only for 1.96 percent of the total number of party members, lower than the average percentage (3.3 percent) for the whole country.

The phenomenon of the rising age level of our party members is already very serious in some of our province's rural areas.

It is time that the party organizations at all levels pay close attention to the above problems. From now on, it is necessary to adopt more effective measures in order to solve these problems step by step.

We Should Pay Close Attention To Building Our Party and Pay Attention To Studying New Conditions, To Solving New Problems, and To Summing Up New Experiences

Our socialist modernizations depend on the leadership of the Communist Party. Undoubtedly, our party's major task now is economic construction. However, we should never neglect the task of building our party because we are carrying out economic construction. It is precisely for the sake of fulfilling this major task of economic construction that we should put the task of building our party in a very important position and include it on our agenda. Comrade Hu Yaobang said: "During the new historical period, faced with the magnificent task of socialist modernization centered on economic construction, we definitely realize that the key to the fulfillment of this task lies in our party." Comrade Hu Yaobang's words tell us that it will be impossible for us to fulfill the task of socialist modernization if we neglect or weaken our party building. The leading comrades of some of our party organizations currently concentrate on administrative affairs rather than on grasping party building. As a result, a situation has emerged of the party failing to govern itself. This is a very dangerous situation.

Where does our party's combat effectiveness come from? What should our party do in order to shoulder the task of leadership? Facts have proven that it should rely on the guidance of the correct theory and line and on the fine quality of our party members. Our party relies on its members to implement its line, principles, and policies, and to fulfill its tasks. Therefore, we must attach great importance to the building of the contingents of our party members, as well as pay attention to studying the new situation in developing our contingents of party members in the new period, solving new problems, and summing up new experiences.

FIRST, IN LIGHT OF THE CURRENT CHARACTERISTICS OF OUR PARTY MEMBERS, WE MUST ADOPT SOUND MEASURES TO FURTHER STRENGTHEN OUR EDUCATION AMONG THE PARTY MEMBERS. It is not enough for a party member to only have simple class feelings. He must have a certain minimum knowledge about Marxism and he must understand and be able to conscientiously carry out the party Constitution. In his report to the 12th CPC National Congress, Comrade Hu Yaobang pointed out: "Whether or not a party member actually meets the qualifications stipulated by the party Constitution and whether or not he is able to perform his duties as a party member will become the fundamental yardsticks for judging whether or not he is a qualified party member." Therefore, party organizations at all levels must make great efforts to satisfactorily grasp education among party members. Moreover, they should also carry out among the party members a basic education in Marxism-Leninism-Mao Zedong Thought and in the party's current line, principles, and policies. For example, at present we should conscientiously organize the vast number of our party members to study and deeply understand the CPC Central Committee's principles and policies of opening up to the outside world and carrying out reforms. Only by so doing can we make our party members stand in the forefront of the struggle for the four modernizations.

In carrying out education among our party members, we should use our party Constitution as the main textbook, and at the same time add appropriate supplementary educational materials. Both the Organization and the Propaganda Departments of the provincial CPC Committee have journals and materials available for this. I think that ZHIBU SHENGHUO is quite satisfactorily edited. In order to help our cadres and party members learn a little about dialectic materialism and historical materialism, the Propaganda Department has published a pamphlet entitled "Follow the Inevitable Path of History." They have done a significant work in producing this pamphlet.

The fifth provincial CPC Congress put forth the view that in carrying out education among our party members, "we can adopt diverse forms such as giving periodic party lessons, training party members by stages and in groups, carrying out study and discussion in combination with the regular activities of our party organizations, checking and evaluating the work of our party branches in light of the party Constitution, and evaluating party members and selecting fine party members in accordance with the requirements for party members in our party Constitution. All localities should carry out diverse kinds and forms of educational activities among their party members in light of the actual conditions there, and widely carry out these activities in a lively manner." Regarding this task put forth by the provincial CPC Congress, party members at all levels should continue to check on its fulfillment. Our party members should take the lead in the "revitalization of China's reading activities," which is being carried out among the masses of the people. Our party members should read both books on Marxism and books about culture and science in order to heighten their political awareness and raise their cultural level. All party members on various fronts and in various departments should study hard in their professional areas and strive to become competent in the work they are doing. However, no matter what kind of work a party member is engaged in, he should read some books about Marxism and foster a Marxist world outlook. From among our vast number of party members, we should train a number of talented people who have mastered Marxism-Leninism-Mao Zedong Thought.

Since the implementation of the economic responsibility system and the practice of assigning all-round responsibility for undertakings by contracts in our rural areas, there has been a demand for us to study new methods and sum up new experiences regarding the way to more satisfactorily organize study for our party members. It seems that our meetings must be few in number and short. We should not hold long meetings without content in order to avoid wasting our party members' time. However, our party members as individuals must see that study is a duty for them, as is taking part in the meetings and regular activities of party organizations. They should not bargain over conditions for taking part in meetings or refuse to take part in the meetings out of the consideration of the possible reduction of their personal income.

SECOND, WE MUST ATTACH IMPORTANCE TO AND EARNESTLY AND SATISFACTORILY DO THE WORK OF RECRUITING PARTY MEMBERS. Some basic level party organizations now feel that there are too many people who have applied for party membership. In my opinion, in a unit where there is such a phenomenon, the political and ideological work and the work of the party is relatively weak. We must pay great attention to this problem. Basic-level units in both urban and rural areas should strengthen their party work and political and ideological work and, at the same time, pay attention to establishing contingents of party activists.

In order to infuse fresh blood into the party, we must attach importance to training and recruiting party members from among youths. Our CYL organizations should actually play the role of a reserve of the party. We should strengthen the work of recruiting party members from among students in higher education institutes and technical middle schools.

In order to raise the educational level of the contingents of our party members, in the future we must pay great attention to training and recruiting party members from among intellectuals. We should not only attach great importance to recruiting party members from among middle-aged or older intellectuals, but also pay great attention to recruiting party members from among young intellectuals.



In order to strengthen ties between the party and the masses of people, in the future we must also strengthen the party's work at the basic level and on the frontline of production, and pay attention to recruiting party members on the frontline. Now, the heavier the labor of the jobs, the smaller the number of party members in the posts. This is a problem that we should solve. We should strengthen the work of party building regarding these posts. We must continue to satisfactorily do and further strengthen the work of recruiting party members in our rural areas. We should earnestly recruit party members from among the advanced elements of our specialized households and households doing specialized jobs who meet the requirements for becoming party members. This will be of great significance in the growth and strengthening of the contingents of party members in our rural areas and improving the party's combat effectiveness.

In recruiting party members, we must strictly enforce the standards stipulated by the party Constitution. It is necessary to pay attention to educational level and age, but certificates of education and age should never be regarded as requirements for party membership. We should apply the party Constitution to measure whether a person meets the qualifications for party membership or whether a party member meets the requirements for promotion and placement in important posts. Of course, in so doing we should first look into his political stand and attitude, and his character and work style. Moreover, we should pay attention to his actual work performance. For a worker, we should know whether he has satisfactorily fulfilled his production tasks; for a factory director, we should see whether he has run his factory satisfactorily; for a cadre in an organization, we should probe into the question of whether he has satisfactorily done the work he is in charge of, and so forth. If we fail to pay attention to actual performance and contributions, we will lose an important objective standard. We should never base importance on class origin or discriminate against intellectuals. We should recruit any person who meets the standards for becoming a party member, as stipulated in our party Constitution, no matter what front he works on, what his profession, or whether he is a staff member or worker of a state-run enterprise, or a collective enterprise, or an individual laborer.

THIRD, IT IS IMPERATIVE TO PERFECT THE SYSTEM OF REGULAR ACTIVITIES IN THE ORGANIZATION OF THE WHOLE PARTY AND TO ENFORCE PARTY DISCIPLINE. We should adhere to the practice of "three meetings and one class" (party group meeting, party branch committee meeting, party branch's general meeting, and party class). We should all implement the principle of democratic centralism in the regular activities inside the party, including the meetings ranging from those held by party groups to those held by party committees at all levels, in order to enable each party member to frequently receive training in democratic centralism through the regular activities of the party. In the meetings for party groups' regular activities we should persist in constantly carrying out criticism and self-criticism and use this weapon at all times to sweep away ideological dust and to preserve and strengthen party spirit among our party members. Each party organization should enforce party discipline and should not allow the practice of violating party discipline to spread. We should criticize and take disciplinary action against the party members who have violated party discipline if such actions are needed. We cannot be indulgent towards or yield to their mistakes. We should vigorously praise good typical examples of observing and safeguarding party discipline. In particular, our party members who hold leading posts should set an example and take the lead in observing party discipline. Party committees at all level should strengthen their leadership over and support the work of checking on the observation of party discipline.

FINALLY, WHAT WE SHOULD PARTICULARLY EMPHASIZE IS THAT WE SHOULD CONSCIENTIOUSLY DO A GOOD JOB IN PARTY RECTIFICATION AND THAT IN OUR PARTY RECTIFICATION, WE SHOULD STRENGTHEN THE BUILDING OF CONTINGENTS OF PARTY MEMBERS. The CPC Central Committee has decided to spend 3 years implementing all-round rectification. This is a good opportunity for us to strengthen the building of contingents of party members. CPC Central Committee has decided to spend 3 years implementing all-round rectification. This is a good opportunity for us to strengthen the building of contingents of party members.

With regard to the "decisions" related to party rectification, the CPC Central Committee has put forth four tasks: seeking a unity of thinking, consolidation of our work style, strengthening our discipline, and purification of our organizations. The CPC Central Committee has also demanded that "in the process of our party rectification, we should all strengthen our ideological education from beginning to end in order to heighten the political awareness of the broad ranks of party members." The "decisions" have pointed out that we should grasp the measure of weeding our "people of three categories" as the major problem in purifying our organizations; in the later stage of party rectification, we should carry out registration of our party members; during and after party rectification, we should pay forth. If we satisfactorily fulfill these tasks in the process of our party rectification, the building of contingents of our province's party members will be markedly strengthened. Our party rectification will be carried out by stages and in groups. The units in which party rectification has not yet been carried out should also pay close attention to the building of contingents of party members and should not wait until party rectification begins. Party building is long-term and constant work and can never be relaxed.

Under the new situation, it is imperative for us to continuously carry out a study on the question of how we should strengthen the building of contingents of party members. I have talked about this in order to bring it to the attention of all participants. I hope that the various departments of the provincial CPC Committee and the party organizations at all levels will all be concerned with and pay close attention to this problem. We should firmly grasp and definitely carry out some tasks such as these, which we urgently need to be done.

HEBEI'S GAO YANG ON IDEOLOGICAL EDUCATION REFORM

HK050300 Shijiazhuang HEBEI RIBAO in Chinese 20 Sep 84 p 1

[Speech by Gao Yang at meeting of prefectural and city CPC Committee secretaries:  
"Four Suggestions on the Reform in the Work of Ideological Education" -- capitalized  
passages published in boldface]

[Text] Since the 3d Plenary Session of the 11th CPC Central Committee, like all other provinces, municipalities, and autonomous regions in our country, our province has grasped the work of ideological education among our cadres, party members, and masses of people. We have implemented the party's correct line and a series of principles and policies, developed our agriculture, industry, and commerce, improved people's livelihood and brought about a great change in the mental outlook of the people.

However, while we are conscientiously correcting the previous erroneous trend of neglecting the improvement of the people's livelihood and placing one-sided emphasis on displaying revolutionary spirit, in some areas there has recently emerged another unfavorable trend of placing one-sided emphasis on the material interests of the people and failing to give play to their revolutionary spirit, a trend and that is worth paying attention to.

Since the end of the 10 years of turmoil, our people have earnestly hoped for a rapid improvement in their material livelihood. This kind of hope is reasonable; for, satisfying the daily increasing demands of the people's material and cultural livelihood is the fundamental goal of our socialist construction. However, because of the serious evil results of the "Great Cultural Revolution," at present, it is not yet possible for us to widely and sharply improve our people's material livelihood. In the process of the various reforms for advancing the socialist modernization, new and old ideas have been mixed to give rise to confusion in people's minds and many contradictions have emerged. Therefore, in this period, a historical turning point, we must strengthen our party's ideological education work, guide people in constraining excessive demands for the improvement in their material livelihood and correct some people's erroneous ideas of putting material interests first and their erroneous thoughts of out-and-out egoism. Otherwise, our province's cause of socialist modernization will inevitably suffer losses.

Compared to the war years before our party obtained state power over the whole country, the conditions for carrying out the work of ideological education are much more superior now. Of course, in the war years the contingent of our party was small and effective, the relations between us and the masses of the people in the revolutionary bases were like those between fish and water, and the extremely great external pressure that the enemy bore on us strengthened the force of concentration inside our rank

However, at present, because of the influence of "leftism" and the destruction of the "Great Cultural Revolution," in spite of what we have done in the work of bringing order out of chaos, the relations between the cadre ranks of the party in our province and the masses of people still fail to be as close as they were in the past, our ranks have become more complicated and the composition of the people we should unite with and educate has become more diversified. However, the party is much stronger in our province than it was in the past and has mastered powerful material resources for carrying out ideological education -- modern tools and means of propaganda and education. The educational level of the ranks that carry out ideological educational work and the masses of people receiving the education has been greatly raised compared with the past.



We believe that as long as we sum up our experiences and lessons in our previous work of ideological education, conscientiously analyze the new situation and new characteristics concerning the thoughts of the cadres and masses inside and outside the party in our province, the party's principle of combining material interests with political education, and adopt new measures to strengthen our ideological education, we will surely be able to overcome the current unhealthy ideology and erroneous trend in our people's minds and thus enable our province's construction of material and spiritual civilization to smoothly develop along a correct direction.

In order to do a good job of ideological education, the provincial CPC Committee holds that we must carry out reforms in the following aspects.

1. OVERCOME A CERTAIN TREND OF IDEOLOGICAL EDUCATION BEING DIVORCED FROM REALITY, PAY ATTENTION TO THE RELATIVITY AND INSTRUCTIVENESS OF OUR IDEOLOGICAL EDUCATION, ADOPT THE FORMS THAT OUR PEOPLE LIKE TO SEE AND HEAR AND THUS MAKE THE EDUCATION ATTRACTIVE TO THE PEOPLE, AND EXERT AN IMPERCEPTIBLE INFLUENCE ON OUR PEOPLE.

Our party organizations at all levels, in particular our propaganda departments should mobilize and organize all of the relevant party and government organizations, mass bodies, and units of enterprises and institutions to conduct an investigation and analysis of the ideological situation in the minds of the personnel there, clarify the political and ideological specialities of "each individual," "each small group of people," and on this basis, carry out relevant ideological work in order to achieve the aim of "using the right key to open the right lock" and thus finding the crux of problem and being able to solve it. By so doing, we will put an end to the malpractice of acting aimlessly and of formalism that actually exists in our current propaganda and education work.

Under socialist conditions, a person's socialist awareness is inseparable from his level of knowledge. The lack of social and natural scientific knowledge is an important ideological source of people's backwardness, conservative attitude, practice of clinging to one-sided ideas, and blindness in their work. Therefore, our ideological education must be carried out in combination with the work of spreading the theoretical knowledge of Marxism-Leninism, the various kinds of knowledge about the humanities, and modern technological and scientific knowledge. The reason that some of the arguments, which we have repeatedly used and that are known to all people, have had poor effect, is that they cannot meet the people's demands for increasing their knowledge and widening their field of vision.

We should reform the forms of our ideological education work. If, in carrying out propaganda and education, we fail to adopt the forms that the masses of people are fond of we will also reduce the effect of our propaganda and education. In the field of culture, literature, and art, adopting our nation's traditional forms or the new forms of expression that merge Chinese and foreign forms will be relatively easier for the masses of people to accept than the foreign forms that we mechanically copy. We should pay attention to correcting certain trends of "worshipping and having blind faith in things foreign" that actually exist.

We should pay attention to the use of images. Making empty advocations or oppositions to something is not so effective as the propaganda that uses the comparison of typical examples of actual people and events. During the period of the great reform in the whole country and under the situation of the rapid and vigorous development of our province's economic and cultural construction, using images to say which people and events are true, beautiful, and good and which are false, ugly, and evil will bring about vigorous effects.

Now some youths blindly worship developed capitalist countries, think that these countries are a "paradise in the West," and long to "travel to that paradise." If we make systematic propaganda about the various kinds of dark and evil facts there and compare them with the situation here, these youths will be able to see that it is utterly true that they "do not know that they are leading happy lives."

Concerning the content of the work of ideological education, our aim should focus on promoting the development of economic construction. At present we should pay particular attention to breaking and removing the various ideological obstacles to our economic reforms. Concerning the objects of the education, we should focus on the youths among our workers, peasants, and intellectuals. A small number of these people are studying now, but most of them have already been at various posts of our socialist construction and some of them are becoming basic-level backbone cadres in their work. They are of a generation which will advance our country's magnificent socialist cause and forge ahead into the future. Out of consideration for the future, it is only natural to focus our ideological education work on them.

2. MAKE UNIFIED ARRANGEMENTS AND GIVE UNIFIED GUIDANCE IN OUR WORK OF IDEOLOGICAL EDUCATION, ELIMINATE THE PHENOMENON OF EACH RELEVANT ORGANIZATION DOING ITS WORK IN ISOLATION AND OVERCOME CERTAIN HARMFUL TRENDS THAT ARE DIVORCED FROM THE PARTY'S GENERAL TASKS AND GOALS.

In a broad sense the organizations that are responsible for the work of ideological education include party organizations, the organizations of the various democratic parties, mass bodies, schools, and various literary, art and cultural departments and their supplementary organizations. These organizations form a large system. All of the members in these organizations should educate themselves as well as educate other people. Now we can only say that this large system has only formed a lax battle line. Some organizations in this system are working under the guidance of the major principle of the CPC Central Committee, but are to some extent working in isolation. Others are not even clear about the fact that they are fighting for the same goal. In light of the actual situation, we should pay more attention to the organizations in which the party's leadership is weak. As for the ideological education among party members, cadres, and students of colleges and middle schools, we have already exercised relatively correct leadership and it will not be discussed here. We will only touch on some of the work related to the construction of civilized villages and units.

We should unify the leadership in the literary, artistic, and cultural units run by the whole people, collectives, and individuals, make these units carry out a division of labor, and cooperate with each other so that they can give play to their own special functions. In exercising leadership, we should break the erroneous idea of attaching importance only to the units owned by the whole people and neglecting collective and individual units. We must attach importance to the units "run by the government," but we should carry out reforms, overcome the malpractice of "eating out of the same big pot" and of being divorced from reality and the masses, and thus enable them to implement the principle of serving the people wholeheartedly and pay attention to the social effects of their work. We should pay attention to give guidance and help to collective units and enable them to play a greater and better role. As for the activities of rural cultural households which have gradually risen in the past 1 or 2 years, we should support them with great warmth, encourage them by giving rewards and enable them to develop healthily and spread everywhere.

At present we should focus on giving guidance to the newspapers, broadcast stations (wire broadcasting centers), and television broadcasting stations which are modern professional tools of ideological education, and on giving guidance to the cultural centers, clubs, and cultural specialised households that are closely linked with the masses of people.

We should conscientiously organize, encourage, and praise the work of making films, writing plays and novels, composing music, giving artistic performances, and editing and publishing books and journals in order to promote their healthy development. We should avoid the repetition of our previous mistakes. We should not require that all spiritual products and all literary, art, and cultural activities directly serve the current political tasks. However, we should also prevent them from deviating from the party's four basic principles. If in addition to the regular propaganda and education, we can also imbue instruction in our cultural recreation and in people's activities of daily contacts and unperceptibly make people accept revolutionary thoughts, this will prove that we have indeed made a new step forward in our reform.

3. REORGANIZE AND STRENGTHEN THE CONTINGENTS OF PROPAGANDA, CULTURE, AND EDUCATION, IMPROVE THE POLITICAL QUALITY AND PROFESSIONAL COMPETENCE OF THESE CONTINGENTS, AND THUS ENABLE THEM TO SUCCESSFULLY UNDERTAKE THE NEW TASKS IN THE NEW PERIOD.

Due to various historical reasons, our province's contingents of propaganda, culture, and education have generally been weaker than in the past. In the propaganda departments of some party committees and mass bodies, there are few and poor personnel, who want to move to other departments. Some people who are not suited to propaganda work have been assigned to the posts in these propaganda departments while some of those who are competent for the jobs want to leave these departments. The malpractice of liberalism of a number of party cadres in our literary, art, and cultural departments is to be overcome. Some of these cadres were also incompetent in their work. Therefore, from now on, the party committees at various levels must adopt conscientious and prudent measures to solve the problems related to the shortage and poor quality of the personnel in the propaganda departments of party committees and mass bodies and in government literary, art, and cultural departments.

All the units where the personnel quota has not been exhausted should select and transfer competent workers to make up the personnel quota within a certain period of time. The existing personnel in various units who are incompetent and who cannot improve through training can be gradually transferred and the units under this system and the supplementary departments to the units will assign appropriate jobs to them.

Those who educate others must themselves be educated first. Therefore, all the leading cadres and workers in the propaganda and educational organizations must study political theory, make themselves familiar with the party's principles and policies, acquire certain professional knowledge about economic and cultural construction, and pay attention to coordinating with administrative and management workers (who also should do the work of ideological education) in order to eliminate the phenomena of failure to coordinate between political and professional work in the work of propaganda and education.

We should organize short- and long-term regular training to train a large number of new personnel for carrying out the work of ideological education.

The party's propaganda departments at all levels should formulate, in accordance with the general arrangement of the work of the CPC Central Committee and the provincial CPC Committee, their plans for ideological education, lead the gradually growing ranks of propaganda and education to plunge into intense work, create new experiences in their new struggle, and pursue a relatively quick improvement in the quality of the ranks.



The political treatment and remuneration of the cadres in the propaganda departments of party committees and mass bodies should be improved in light of the treatment enjoyed by corresponding personnel elsewhere. However, we should call on relevant personnel not to give any thoughts to this treatment because it does not fit their duties of office to give thought to it.

In short, we should make all the contingents of propaganda and education of our party and mass bodies and all the personnel in our government literary, art, and cultural departments have a sense of being assigned a glorious mission, unite as one, apply various means, forms, and methods of propaganda and education and form a vast and thick network of ideological education and we should encourage all the people in our province to strive hard with one heart and one mind to realize our socialist modernization.

4. Party committee secretaries should grasp the work of ideological education.

Chairman Mao said that party committee secretaries had to grasp propaganda work. Party committee secretaries grasping propaganda work is a fine tradition of our party. The 10 years of turmoil undermined this tradition, and in our province this fine tradition is to be restored. Therefore, party committee secretaries grasping the work of propaganda and education is not only a reform, but is also a demand for the restoration and development of the party's fine tradition.

Now, we have not only an urgent need but also favorable conditions to require our party committees to grasp the work of ideological education. According to the regulations of the CPC Central Committee, there has already been a clear division of labor between the provincial, prefectural and county levels of party and government leading organizations in our province, and in our enterprises and institutions we are making experiments of implementing the system of factory directors (institute heads) being in charge of the units. The party committee secretaries have been freed from the previous task of exercising overall leadership and being in charge of all business; therefore, they have the necessary energy and time to grasp the work of ideological education.

A small number of the secretaries of the party committees at various levels have formed a habit for many years of running all the administrative business. As a result, during the reform to separate party administration from government administration and during the time when we are making experiments of implementing the system of factory directors (institute heads) being in charge of the units, these secretaries do not know what work they should do in the future. Some of these people should continue to do their jobs and the leading groups at the upper level should allow them some time to carry out study and change their work methods; and others of them who have complained that they have been "deprived of their major power" have begun to adopt a negative or even an antagonistic attitude. These people should be transferred away if they do not respond to our education. We stress that party committee secretaries should grasp the work of ideological education and even all the work of propaganda. This is aimed at quickly raising the ideological awareness of our cadres, party members, and masses of people in order to ensure the smooth development of the socialist modernization. This is an incomparably glorious and arduous task. Therefore, those who are eager to pursue power and influence and who show no concern for our revolutionary cause are not suitable persons to lead the work of our party committee.

In order to promote the reform in our ideological education, we plan to hold in the period from November or December this year to January or February next year a meeting of the party committee secretaries and propaganda department directors of the counties that are advanced in carrying out ideological work, a meeting to exchange advanced experiences in carrying out the work of ideological education in basic-level units and a meeting to award the cultural specialized households who have advanced thoughts.

We should hold another special meeting to discuss the question of what vigorous measures our literary, art, and cultural departments should adopt to promote reform in ideological education.

According to the arrangement of the CPC Central Committee, the party rectification in our organizations at the provincial level will soon finish and the second batch of party rectification work will soon begin throughout our province. Under such a very fine situation in our whole country, we can foresee that in the coming 2 or 3 years, our province's economic and cultural construction will certainly develop with increasingly great speed, we will certainly bring a radical turn for the better for our party work style and the general mood of the society, the cadres and party members will certainly continue to restore and develop their revolutionary awareness and restore and play their role as pioneers and examples, and the relations between the party and the masses of people will surely improve day by day. Looking toward into the future, the provincial CPC Committee expects that during that period, the party committees at all levels will conscientiously carry out reforms in the above-mentioned four aspects and thus enable our province to open up new paths and give rise to a new situation in its work of ideological education and in the party's all work of propaganda.

#### ZHOU HUI SPEAKS AT NEI MONGGOL JUDICIAL SESSION

SK280510 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 27 Sep 84

[Text] The regional judicial administrative work conference held in Hohhot on 18-24 September declared: The judicial departments should firmly foster the idea of serving economic construction, maintaining long-term safety in the country, making things easy for the masses, and serving the people with one heart and one mind, and make new contributions to the realization of the party's general task in the new period.

The conference summed up the region's situation in judicial administrative work since 1980, and conscientiously discussed the question of further creating a new situation in judicial administrative work.

Zhou Hui, first secretary of the regional CPC Committee, made a speech at the conference. He urged the judicial administrative personnel to have a spirit of arduously doing pioneering work to improve their work.

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C H I N A  
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BEIJING RADIO ON 'ONE COUNTRY, TWO SYSTEMS'

OW080122 Beijing in Mandarin to Taiwan 0130 GMT 30 Sep 84

[Dialogue between Yang Fan and Liu Yan -- from the "Forum on State Affairs" program]

[Excerpts] [Yang Fan]: In today's program, I will ask Miss Liu Yan to discuss with me the question -- whether the idea about two systems in one country is workable after all. Liu Yan, would you please talk about your own views on this question first.

[Liu Yan]: All right, today more and more people endorse Deng Xiaoping's proposal of implementing two systems in one country. However, some friends entertain doubts. They doubt the possibility of the long-term coexistence of two systems in one country. They think that this may be an expedient measure. They also fear that abrupt changes can and may be made at any time after reunification. I think that these friends' worries are understandable, because after decades of artificial separation, people on the mainland and Taiwan do not understand each other. What compatriots have heard is mostly distorted propaganda. Besides, the Chinese Communists have made mistakes in their work. So, there is nothing strange about compatriots' having this or that apprehension or misunderstanding about the mainland. The way to solve this problem is to have more contacts and exchange thinking.

[Yang Fan]: Correct. The educational standard of Taiwan compatriots is generally high. They have good judgement power. By providing them with opportunities to increase their understanding of the mainland, problems such as whether implementing two systems in one country is workable can be solved immediately.

[Liu Yan]: That is quite true. I will present my primitive views for friends' consideration. First of all, the proposal of implementing two systems in one country has not been concocted by any single person. It is a product of the line of seeking truth from facts followed by the CPC since the 3d Plenary Session of its 11th Central Committee. It is linked with the mainland's various domestic and foreign policies. Therefore, it cannot be changed by anyone at will.

Since the 3d Plenary Session of the 11th CPC Central Committee, the CPC has followed this line of seeking truth from facts and has rectified all the mistakes it committed in the past, including those committed by Chairman Mao in his later years. It has solved many long-standing difficult problems accumulated over many years. These include redressing the miscarriages of justice committed during the Great Cultural Revolution and even those committed before it. The mistake of magnifying the scope of the anti-rightist struggle has been corrected too. In addition, designations of landlord and rich peasant have been removed from 2.78 million people and 700,000 cases of wrong designation of capitalists have been corrected. In all, mistakes are corrected whenever discovered.

Let's take a look. If the line of seeking truth from facts were not sincerely and honestly followed, could we have had the courage and boldness to squarely face and correct our own mistakes?

[Yang Fan]: From the changes in the CPC's policy line and many domestic policies, we can discern something. Everything has been done in the mainland's internal affairs and foreign policy by following the line of seeking truth from facts. Under the socialist system, the mainland has allowed the existence of individual and capitalist economic sectors. Taiwan's condition is exceptional to that on the mainland. Under such circumstances, Taiwan can still maintain its capitalist system after reunification.



[Liu Yan]: Indeed so. The Chinese Communists have repeatedly stated that Taiwan's history and present condition will be fully respected in the motherland's reunification. As Taiwan has been separated from the mainland for decades, two entirely different systems have been in effect. On the one hand, people on Taiwan love the motherland and wish for reunification; on the other hand, they fear their living standard may be lowered. Therefore, in solving the Taiwan problem, the reality of Taiwan must be taken into consideration. After reunification, Taiwan will maintain a different system from that on the mainland. Each does things in its own way and creates no trouble for the other.

[Yang Fang]: Yes. I believe that the CPC's reunification plan is sincere and honest, because its policy on Taiwan is a rational extension of its domestic policy, a natural product of implementing the line of seeking truth from facts since the 3d Plenary Session of its 11th CPC Central Committee, and an important component part of the CPC's cause of building socialism with Chinese characteristics. It may be said that this is an undertaking that is unprecedented.

[Liu Yan]: That is correct. Many people now agree that implementation of this reunification plan benefits all concerned. First of all, Taiwan may experience less impact and this is favorable to Taiwan's maintaining its prosperity and stability. At the same time, it is favorable to the four modernizations drive of the mainland. It may be described as the best plan for reunifying the motherland and revitalizing China. The problem is that some people worry about the CPC's abrupt policy changes and about the steadiness of its policy.

[Yang Fan]: In my opinion, to judge the steadiness of a party's policy, we have to chiefly feel the people's feelings -- whether the people welcome and support that policy. At present, we have clearly seen that the CPC's line and policy are successful and effective and are very popular. Therefore, no one and no force can change it at will. When the CPC's general line and general policy remain unchanged, its policy on Taiwan will remain steady and unchanged.

[Liu Yan]: Now, some people say that China's Constitution stipulates four adherences, and one of them is adherence to the socialist system. That is why some people on Taiwan are worried. If Taiwan keeps to its capitalist system, wouldn't it contradict the Constitution stipulations?

[Yang Fan]: No worry is warranted. The Constitution does stipulate that China will carry out the socialist system. However, Article 31 deals with establishment of special administrative regions. According to this article, I think, a specific basic law may be formulated for the Taiwan special administrative region, which will put into the form of law such things as Taiwan's system remaining unchanged after reunification and will serve as an appendix or supplement to the Constitution. In this way, a legal basis will be provided for Taiwan's implementing a system different from that on the mainland. That is why some people have said that the special administrative region basic law in the future will be Taiwan's protective umbrella and a high degree of autonomy will be its heat-proof wall. With these two things, Taiwan will be assured of lasting peace and order.

[Liu Yan]: I agree with you; however, some people suspect that the implementation of two systems in one country is but a provisional device and application of the communist minimum program and not the ultimate, unchangeable aim. In the future it will be changed sooner or later. Would you please comment on this question?

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[Yang Fan]: Communists do not conceal their political views. Someday, Taiwan and the whole world will go for communism after all; that is, the one world ideal advocated by Dr Sun Yat-sen. that is the prospect for quite a long time in the future. For Hong Kong, it has been said that nothing will be changed for 50 years after China recovers sovereignty; that means 63 years from now. For Taiwan, it could be much longer. By that time, I believe that our great motherland, including the mainland and Taiwan, will have achieved great development. Within the reunified big family, the people on both sides of the Taiwan Strait will (?benefit) each other and prosper together and become closer and more harmonious on the level of economic development and in thinking and feelings.

[Liu Yan]: By that time, the unification of systems probably will not cause so many people worry and even apprehension as what is happening today, but will be a quite logical thing and a natural success.

[Yang Fan]: I believe that posterity will have sufficient wisdom to handle these problems well. People of our generation don't have to design for them.

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C H I N A  
T A I W A N

V 1

PRC TRADE OFFICIAL DEFECTS TO TAIWAN FROM HONG KONG

OW080300 Taipei CNA in English 0242 GMT 8 Oct 84

["Peiping's United Front Official Defects to ROC" -- CNA headline]

[Text] Taipei, Oct. 7 (CNA) -- Saying that he sought freedom here because he detests communism, a ranking Chinese Communist who had been a united front official in Hong Kong arrived here recently and will meet with the press on Monday.

Sources with the Free China Relief Association said Sunday that Lu Yu-hsi, 52, and a native of Chilin Province in Northeast China, was assigned by the communist authorities to work in Hong Kong under the cover of being a manager of a trade company.

Long disgusted with communism, Mr. Lu sought freedom in Hong Kong and has returned to the free motherland under the arrangement of concerned government agencies, the sources noted.

Lu had been a member of the Chinese Communist Party for over 30 years and a party secretary at a certain level in the party hierarchy. Analysts here said the position of a manager in a Communist Chinese trade company is equivalent to that of a deputy department chief of a province.

Chinese Communists have stepped up their united front maneuverings lately, taking the opportunity of the heated "Hong Kong issue." Lu's meeting the press Monday is expected to deal a severe blow to the communist schemes to confuse the world as to Hong Kong's people's wish about their future.

PRESIDENT CHIANG GIVES NATIONAL DAY EVE MESSAGE

OW090357 Taipei CNA in English 0236 GMT 9 Oct 84

[Text] Taipei, Oct. 8 (CNA) -- President Chiang Ching-kuo said Monday that "there is only one China in the minds of the Chinese people, and that is the free, democratic and prosperous Republic of China."

President Chiang made the remarks in his special message "Reunification of China Under the Three Principles of the People Will Finally Be Achieved" to all Chinese people on the eve of the 1984 National Day of the Republic of China.

On the Hong Kong issue, President Chiang said that the "accord" between the Chinese Communists and the British totally defeats the aspirations of the residents of Hong Kong.

The full text of President Chiang's message follows: The Republic of China, founded on the Three Principles of the People, is a republic of the people, by the people, and for the people. And the coincident policy for national development of our Government has had as its goals the achievement of freedom, democracy, and equitable distribution of wealth among our people.

The correctness of this policy has been proven by splendid accomplishment, making possible the enjoyment of a prosperous, harmonious, peaceful, and happy life by all of our citizens as a result of the consequent endeavors of both the government and people in the area of Taiwan, Penghu, Kinmen, and Matsu over the past more than 30 years. Our great success here has been in stark contrast to the poverty, backwardness, and institutional oppression under communist despotism on the Chinese mainland, a situation long apparent to people the world over.



In order to whitewash their failures and moderate internal conflicts, as well as to deflate the ever-growing "Three Confidences" crisis among communist cadres across the Chinese mainland, the Chinese Communists have attempted to use the Hong Kong situation. They have used nationalism and patriotism as a curtain over deception and blackmail in reaching a so-called "accord" with Great Britain; and they have taken further advantage of this opportunity to pull hair over the eyes of the world via an all out propaganda campaign on the question of the reunification of China.

In fact, the "accord" between the Chinese Communists and the British totally defeats the aspirations of the residents of Hong Kong since it is nothing but a fraud, a scheme, an exercise in united front tactics.

Our government has once more declared that the Chinese Communists have no right to represent the Chinese people, and that any accord bearing their signature is invalid. To once again clarify the position of the Republic of China and to assure that the record is set straight for the international community, we must solemnly point out.

1. There is only one China in the minds of the Chinese people, and that is the free, democratic, and prosperous Republic of China. There is only one system suitable for the Chinese people, and that is in accord with the Three Principles of the People, which offer freedom, democracy, and equal distribution of wealth for all.

Communist totalitarianism and democratic freedom are fundamentally incompatible, like fire and water. The Chinese Communist advocacy of a so-called "one Nation, two Systems" is simply a stratagem to confuse the free world and create the illusion of "peaceful co-existence" -- and that is self-contradictory with the "four principles" of Chinese Communism.

2. We will take all possible measures to support our Hong Kong compatriots in their struggle to assure their freedoms, stability, and prosperity. All established policies of this government to assist our compatriots in Hong Kong will be thoroughly and immediately implemented.

3. The Chinese Communist regime has followed Marx, Engels, Lenin, and Stalin as its tutors and adopted specious communist theory as its bible. It has taken pride in destroying Chinese culture, extinguishing our traditional heritage. The acts of the Communists are those of traitors, abandoning the invaluable legacy of their ancestors. They even have the gall to pretend to be advocates of "nationalism," employing such catchy phrases as "Revival of the Chinese nation" and "Long live the motherland" for purposes of self promotion. They fool none but themselves. We earnestly hope that all our compatriots at home and overseas will, perceive their trickery, expose communist lies and intensify patriotic, anti-communist activities in straightforward solidarity, destroying in the course all communist united front schemes.

4. We reiterate here that our basic national policies of anti-communism and mainland recovery, and our determination never to compromise with the Chinese Communists, will never be altered under any circumstance. We will solidify further our faith in the Three Principles of the People, with the firm belief that the Three Principles of the People will eventually triumph over communism. Only through the complete eradication of the communist system and the completion of our mission to reunify China under the Three Principles of the People, will continental China regain its freedom and look to a bright future.

The Chinese Communists are the public enemy of all Chinese people. We now sincerely exhort all of our citizens to sharpen their alertness and to enhance their determination to do battle with the common enemy so as to prevent him from infiltrating and sowing discord among us.

We urge the free world to now distinguish clearly between right and wrong, to separate the enemy from friends, to dispel illusions with regard to Chinese communism. Communism is doomed to fail and we recognize that the Chinese Communist regime will end in total collapse in the long run. As long as we persevere in our convictions, continue or struggle without hesitation or reservation, and never abandon the fight, final triumph will surely belong to us.

The Republic of China, with special will at this critical moment, will expedite of efforts for national development, strengthening its power to end totalitarian communist despotism by means of the extension of freedom, democracy, and economic equality, thus hastening the triumph of the Three Principles of the People.

DEFENSE MINISTER REPORTS ON SELF-SUFFICIENCY EFFORTS

OWO30315 Taipei CNA in English 0246 GMT 3 Oct 84

[Text] Taipei, Oct. (CNA) -- In order to beef up the national defense strength, the Ministry of National Defense is now doing its best to put together the strength of the private sector and academic institutions at home and abroad to jointly establish a self-sufficient national industry at an early date, Defense Minister Sung Chang-chih said Tuesday.

In responding to an interpellation by Legislator Hung Chao-nan, Sung said that his ministry has already worked out a set of incentive measures to encourage and assist both state-run and private industries to manufacture spare parts for military equipment. More than 700 privately-owned industries are now involved in the production of over 32,000 items of military equipment and another 7,000 items will be placed on the production line in the near future, Sung said.

Sung stressed that due to the close cooperation between the government and the private sector, great progress has been made in research and development by the national defense industry in recent years.

As to the procurement of weapons, Sung pointed out that in order to beef up the Armed Forces' combat capabilities, the government in recent years has been trying vigorously to diversify the sources of weapons and buy weapons from different countries.

Although the United States is still the major arms supplier of this nation, the government has also tried to buy weapons from other countries with which this nation has no diplomatic ties. Another consideration in the purchasing of weapons is whether these weapon system are reliable and can be maintained for a long time, Sung added.

DENG XIAOPING DISCLOSES MAIN TOPIC OF CPC PLENUM

HK070535 Hong Kong WEN WEI PO in Chinese 7 Oct 84 p 1

[Report by correspondent Cheng Hsiang: "Deng Xiaoping Speaks About the Upcoming Third Plenary Session, Open-Door Policy"]

[Text] Today Deng Xiaoping, chairman of the Advisory Commission of the CPC Central Committee, told the chief responsible persons of dozens of the world's largest enterprises that urban reform will be the main topic of the forthcoming 3d Plenary Session of the 12th CPC Central Committee. The reform of the urban economic system and all trades and professions signifies that China has entered the situation of all-round reform.

Deng Xiaoping also stated: China's open-door policy will be carried out for at least 50 to 70 years. It is not an expedient measure for a period of time, but China's long-term developing strategy. Therefore, you should set your minds at ease.

Deng Xiaoping explained: This policy is related to the general strategic principle of China's attempt to catch up with the world's advanced level in two stages, namely, on the basis of 1980, use 20 years' time to quadruple the total output value of industry and agriculture and reach a comparatively well-off level, and then use another 30 to 50 years to catch up with the level of the developed countries. He said: "The open-door policy will not change. Even if it is necessary to change, it will be a matter after 60 to 70 years."

Deng Xiaoping also mentioned the worries of foreign businessmen in conducting joint ventures with China. He said: We mean what we say. He used an example from the 1960s when the Soviet Union forced China to repay debts even when China had financial difficulties to prove that the Chinese people can keep their word and repay debts even under difficult conditions.

The responsible persons of dozens of the world's largest enterprises came to China at the invitation of the China Trust and Investment Corporation to attend the "Symposium on China-Foreign Joint Economic Cooperation" sponsored by the corporation. They all said that Deng Xiaoping's speech enhanced their confidence in investing in China.

ZHAO ZIYANG DISCUSSES URBAN ECONOMIC REFORM

HK070458 Hong Kong WEN WEI PO in Chinese 7 Oct 84 p 1

[Report by correspondent Liu Min-yi: "Zhao Ziyang Speaks About Urban Reform, Market Mechanism"]

[Text] Beijing, 6 October -- Zhao Ziyang, premier of the State Council, met this afternoon in the Great Hall of the People with the responsible persons of dozens of the world's largest enterprises who were invited to attend the "Symposium on China-Foreign Joint Economic Cooperation" sponsored by the China International Trust and Investment Corporation. Zhao explained to them the topic concerning urban reform to be discussed at the forthcoming 3d Plenary Session of the 12th CPC Central Committee in mid-October. He disclosed: Enterprises throughout the country will confront all-round reform, should stress economic results, and should assume sole responsibility for their own profits and losses.

He said: In the past, China became used to solving problems by using political and administrative orders and means. I hope that we can use legal and economic criteria to solve problems in the future. In the future, we will consider the question of substituting regulation of market prices for administrative orders.



DENG XIAOPING SAYS NO NEED TO WORRY ABOUT MACAO

HK070537 Hong Kong WEN WEI PO in Chinese 7 Oct 84 p 1

[Report by correspondent Cheng Hsiang: "Deng Xiaoping Speaks About the Macao Issue While Meeting Macao Public Figure"]

[Text] Beijing, 6 Oct -- While meeting with noted Macao figure Ma Man-kei today, Deng Xiaoping, chairman of the Advisory Commission of the CPC Central Committee, said: There is no need to worry about the Macao issue. The issue can be kept aside for several years.

After the meeting, Ma Man-kei told our correspondent that Chairman Deng Xiaoping discussed the question of Macao with him today and listened to his opinions. Deng Xiaoping said: The question of Macao is of no great urgency, so it can be kept aside for 3 to 5 years. Later he again stated: There are still 13 years between now and 1997 so the question can be kept aside for 7 to 8 years. Please put your mind at ease.

Ma Man-kei also said: Deng Xiaoping told me that the main task for Hong Kong and Macao at present is to maintain stability and prosperity. The solution to the Macao issue should be based on the premise of not hindering the prosperity and stability of Hong Kong.

MACAO'S MA MAN-KEI VISITS YE JIANYING IN BEIJING

HK090400 Hong Kong TA KUNG PAO in Chinese 9 Oct 84 p 1

["Special report" from Beijing by reporter Hou Tung-hai "Ma Man-kei Reveals Ye Jianying Is Recovering From an Illness"]

[Text] Beijing, 8 Oct -- Ye Jianying, member of the Standing Committee of the Political Bureau of the CPC Central Committee, is recuperating at his home in Beijing. His condition is stable and he is recovering quickly.

As revealed by the president of Macao's General Chamber of Commerce Ma Man-kei who had visited Ye, Marshal Ye is recovering quickly from his illness.

Ma Man-kei and his wife visited Ye Jianying at his home on the afternoon of 7 October. After the visit, Ma Man-kei told our reporters: We are glad that Marshal Ye is recovering quickly from his illness. Hong Kong and Macao compatriots show great concern over Marshal Ye's health. Please convey this good news to the Hong Kong and Macao compatriots.

FORMER PRC OFFICIAL HOLDS TAIWAN PRESS CONFERENCE

HK090234 Hong Kong SOUTH CHINA MORNING POST in English 9 Oct 84 pp 1, 16

[Text] A Chinese communist defector who fled to Taiwan from Hong Kong said yesterday that Peking was building a network of party cadres here to rule when Britain hands back sovereignty in 1997.

Mr Lu Yu-xi (52) gave a list of companies which he alleged were fronts set up by Peking to infiltrate and control various trades and professions in Hong Kong.

He said some of the front organizations had been set up by the State Security Ministry and the Army's General Political Department. Mr Lu told a press conference in Taipei that he was assigned to Hong Kong a few months ago to set up a company as a cover. News agencies gave differing names for his company. Mr Lu, from Jilin Province in northeastern China, arrived in Taipei early this month. He refused to say how he escaped to Taipei but said he was helped by Taiwan organizations.

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According to agency reports, he told the press conference that he had joined the Chinese Communist Party youth corps in 1950 and became a party member in 1954.

"My contacts overseas in over 20 countries in my capacity as a political and trade cadre have made me realise that communism has no future and a Chinese can only find a democratic and free life in Taiwan," Mr Lu was quoted as saying.

He said he was assigned to Hong Kong in July as the general manager of a company in Kowloon.

He said he was also the Chinese Communist Party secretary within the company.

Before his posting to Hong Kong, he was an official of the China National Arts and Crafts Import and Export Corp in Guangdong.

Mr Lu said he has used several aliases and he showed a Hong Kong identity card dated August 8, 1984, which identified him as Luk Chau.

He said Peking had begun this year to dispatch "many party cadres" to Hong Kong to work in public and clandestine communist organizations, mostly trading companies, in preparation for the takeover.

He gave the names of four companies as fronts set up by the General Political Affairs Liaison Department. (This organization is unknown to local China affairs specialists.) He also named two companies set up by the State Security Ministry and the General Political Department of the People's Liberation Army.

Mr Lu warned against trusting China's pledges that would allow Hong Kong people to govern themselves after 1997. "In my opinion, Hong Kong will be ruled by communist China cadres rather than by Hong Kong people themselves after 1997 as promised by the Peking regime," he said.

China, which initialed a historic agreement with Britain on Hong Kong's future on September 26, has promised to make it a Special Administrative Region.

The increasing number of companies set up by people from China recently has been causing concern locally. The concern is that they may become permanent Hong Kong residents qualified to vote and stand for elections if they stay here for seven years. It is feared they will attempt to infiltrate various trades and professions to advance China's influence.

However, leftwing sources denied it was a Chinese tactic to gain influence. The increasing number of companies set up recently was due to China's open-door policy, they said.

#### PRC OPERA STAR'S DAUGHTER REPORTED IN TAIWAN

HK090218 Hong Kong SOUTH CHINA MORNING POST in English 9 Oct 84 p 1

[Text] The months-long mystery surrounding the whereabouts of Miss Hung Hung, daughter of the Cantonese opera star Hung Sin-lui, is solved, -- she is in Taiwan.

Miss Hung Hung (40), whose real name is Ma Tai-laing, was missing for about seven months.

Since her disappearance, there have been unconfirmed reports that she had gone to Singapore and the United States. Sources said Miss Hung, an aspiring operatic actress, entered Taiwan a few days ago with the assistance of a Taiwan Government unit. The sources told the SCM Post she is expected to give a press conference today -- the eve of Taiwan's October 10 National Day.

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